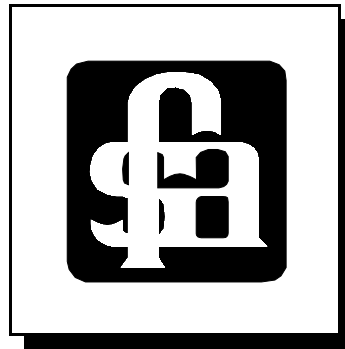


**FY 2000-01
APPROPRIATIONS REPORT**



**SENATE FISCAL AGENCY
LANSING, MICHIGAN**

AUGUST 2000

THE SENATE FISCAL AGENCY

The Senate Fiscal Agency is governed by a board of five members, including the majority and minority leaders of the Senate, the Chairperson of the Appropriations Committee of the Senate, and two other members of the Appropriations Committee of the Senate appointed by the Chairperson of the Appropriations Committee with the concurrence of the Majority Leader of the Senate, one from the minority party.

The purpose of the Agency, as defined by statute, is to be of service to the Senate Appropriations Committee and other members of the Senate. In accordance with this charge the Agency strives to achieve the following objectives:

1. To provide technical, analytical, and preparatory support for all appropriations bills.
2. To provide written analyses of all Senate bills, House bills and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

The Agency is located on the 8th floor of the Victor Office Center. The Agency is an equal opportunity employer.



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STATE APPROPRIATIONS SUMMARY

STATE APPROPRIATIONS SUMMARY

The Legislature completed action on all fiscal year (FY) 2000-01 appropriation bills, with the exception of the Higher Education appropriation bill, on June 21, 2000. The Higher Education appropriation bill conference report is currently pending approval by the Senate and the House of Representatives. This approval should occur when the Legislature reconvenes in session in mid-September 2000.

Legislative action on the FY 2000-01 budget focused on four principal issues. The first was the proper funding level for the State Medicaid programs in the Department of Community Health. The second was the debate in the Higher Education budget concerning the distribution of the State appropriations among the 15 public universities. The third major budget issue was the appropriation of surplus K-12 School Aid Fund revenues to the public school districts. The final major budget issue debated by the Legislature was the content of an FY 1999-2000 supplemental appropriation bill that was approved by the Legislature along with the FY 2000-01 appropriation bills.

In an overall sense, the legislative debate on the FY 2000-01 State budget was directed by tax policy decisions previously made by the Legislature. Prior statutory action to reduce the rates of the income and single business taxes significantly reduced the amount of State General Fund/ General Purpose (GF/GP) revenues available for appropriation. This tax policy action will continue to have a major impact on State appropriation decisions made by the Governor and the Legislature in the coming years.

FY 2000-01 APPROPRIATIONS

On an overall basis, the Legislature and the Governor approved Adjusted Gross appropriations^{a)} totaling \$36.5 billion. This represents an increase of \$1.1 billion or 3.2% over FY 1999-2000 year-to-date appropriations. Enacted State Spending from State Resources appropriations^{b)} totaled \$25.6 billion, an increase of \$979.8 million or 4.0% over FY 1999-2000 year-to-date appropriations. Enacted GF/GP appropriations^{c)} totaled \$9.7 billion, an increase of \$132.7 million or 1.4 % over FY 1999-2000 year-to-date appropriations. These enacted appropriations include the assumed passage of the FY 2000-01 Higher Education appropriation bill, as reported by the conference committee and awaiting final approval by the full Legislature. Table A and Figure 1 summarize these enacted appropriations by source of funds.

Major Changes in State Appropriations

Tables B, C and D and Figures 2, 3 and 4 provide a detailed comparison of enacted FY 2000-01 appropriations with year-to-date FY 1999-2000 appropriations. The tables present appropriation detail in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations. The following information contains a brief summary of the major FY 2000-01 appropriation changes in each budget area. All numbers are GF/GP appropriations unless otherwise noted.

a) Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

b) State Spending from State Resources appropriations are defined as Adjusted Gross appropriations less Federal, Local, and Private funds.

c) General Fund/General Purpose appropriations are defined as State Spending from State Resources appropriations less State Restricted appropriations.

Agriculture: The enacted budget includes full-year funding for the Department's efforts to eradicate bovine tuberculosis, a 100% funding increase for grants to local soil conservation districts, an increase in the funding for migrant labor housing, and funding for a new program to assist livestock producers in dealing with potential environmental issues.

Attorney General: The enacted budget includes funding for information technology upgrades, funding increases for a financial crime unit, and increased funding for health care fraud investigations.

Career Development: The enacted budget includes funding increases for centers for independent living to assist disabled individuals in living independently and a funding increase for job training program subgrantees to assist these job training providers in one-stop centers for people seeking to upgrade their job skills across the State.

Capital Outlay: The FY 2000-01 Capital Outlay appropriation bill was approved by the Legislature in late 1999 (Public Act 265 of 1999). The budget contained funding of \$276.9 million of State Building Authority rental payments on State-financed construction projects and general increases for special maintenance projects at State agencies. The budget contained no new authorizations for the planning of future State Building Authority construction projects.

Civil Rights: The enacted budget includes funding for economic adjustments and no major policy changes.

Civil Service: The enacted budget includes funding for economic adjustments and no major policy changes.

Community Colleges: The enacted budget includes a 6.0% increase for community college operations, distributed 3.5% across-the-board and 2.5% by formula. The budget also includes the funding of a new Postsecondary Access Student Scholarship which will provide free community college tuition for eligible students. This new program is financed with tobacco settlement revenues.

Community Health: The enacted budget includes a shift in the funding responsibility for psychotropic medications from the qualified health plans to the State, funding for a 3.0% increase for local public health departments, and funding increases for Medicaid providers. These increases for Medicaid providers include: qualified health plans-11.7%, inpatient hospital services-4.0%, outpatient hospital services-7.0%, physician services-9.0%, long-term care-5.4%, auxiliary medical services-5.0%, home health care services-4.0%, personal care services-4.0%, and an increase in the Medicaid pharmacy dispensing fee of \$3.77 per script.

Consumer and Industry Services: The enacted budget includes a \$4.1 million increase in funding for arts and cultural grants, an increase in fire protection grants to local units of government, and the funding of five new inspectors to perform inspections of the construction industry.

Corrections: The enacted budget provides for a 9.2% increase for the Department. The overall funding increase provides the funds necessary to meet projected increases in State prison beds to be occupied, including the costs of hiring additional prison staff and the ongoing costs of housing prisoners. A new initiative in the budget is a \$6.3 million funding increase to provide uniforms for all State prisoners.

Education: The enacted budget includes funding increases for State grants programs including the Michigan School Readiness Program, competitive grants for school innovative programs and school curriculum innovations, and increased funding to offset the cost to teachers of becoming nationally board-certified in their respective classroom specialties.

Environmental Quality: The enacted budget includes funding for increased enforcement of wetland protection laws and funding increases for a wide range of environmental protection programs.

Executive Office: The enacted budget includes funding for economic adjustments and no major policy changes.

Family Independence Agency: The enacted budget includes funding increases and program expansions in several programs funded from Federal Temporary Assistance for Needy Families block grants. These programs include: Project Zero, domestic violence programs, a new family reunification program, youth in transition and runaway programs, and State emergency services programs. The funding of the Family Independence Program includes increases for child care costs, children's clothing allowance, and other programs. The budget also includes funding for a 3.0% increase for foster care and adoption subsidy payments.

Higher Education: The conference report includes a 5.0% across-the-board base funding increase for all universities. In addition to the base funding, special funding is provided for per student funding floors. The combination of the base funding increases and the special funding results in overall increases for the universities ranging from 5.0% to 10.0%. The bill also contains \$110.0 million of tobacco settlement funding to provide for the anticipated cost of the Michigan Merit Award Scholarship Program.

Judiciary: The enacted budget includes \$1.2 million of State funding to continue drug court grants to local jurisdictions, increased funding for Court of Appeals security, and the funding necessary to finance judges' salary adjustments recommended by the State Officers Compensation Commission.

Legislative Auditor General: The enacted budget includes funding to hire three new auditors.

Legislature: The enacted budget includes funding increases for the House Office Building and the funding necessary to finance legislators' salary adjustments recommended by the State Officers Compensation Commission.

Library of Michigan: The enacted budget includes funding for economic adjustments and no major policy changes.

Management and Budget: The enacted budget includes funding for the Department to assume responsibility of paying rent on leases of private buildings used by State agencies. This funding will be financed by interdepartmental grants from each State agency utilizing the leased space.

Military Affairs: The enacted budget includes a 6.0% increase in the grants provided to veterans' service organizations and a \$50,000 grant to the Civil Air Patrol to assist in search and rescue activities.

Natural Resources: The enacted budget includes a \$2.5 million GF/GP funding increase in the Forest Development Fund to offset projected decreases in revenue generated from the sale of timber on State lands. Funding increases are also provided for the tree planting program and for the hiring of wildlife biologists in each wildlife management unit.

School Aid: The enacted budget includes appropriations for four different fiscal years. Supplemental appropriations for FY 1999-2000 and FY 2000-01 and the initial School Aid appropriations for FY 2001-02 and FY 2002-03 are included in the bill. The budget provides for basic foundation allowance increases of 5.3% in FY 2000-01, 5.0% in FY 2002-03, and 3.1% in FY 2002-03. The budget also includes funding for a new program to reward school buildings whose students record the most improvement on the Michigan Educational Assessment Program with cash grants to be used for school improvements. Other new program initiatives contained in the budget include funding for the purchase of laptop computers for each teacher in the State, the first year of funding for an infrastructure program to assist school districts with low property taxable valuations per pupil in meeting their infrastructure needs, and the funding of a summer school program for 2nd, 3rd and 4th graders who are below grade level in reading or math. Other major funding increases in the budget include funding of the at-risk program and the school readiness program.

State: The enacted budget includes funding for a system to allow for the electronic filing of campaign finance reports, increased funding for the distribution by the Michigan Historical Program of education materials to facilitate the teaching of Michigan history in schools, and the administration of the State's qualified voter file.

State Police: The enacted budget includes funding for two trooper schools during the fiscal year. The budget also includes a 10.0% increase in grants to counties for secondary road patrol and funding increases for the fire fighters training council, the computer crime unit, the sex offenders registry, Michigan Council on Law Enforcement Standards, and funding for the development of a K-12 school curriculum on firearms safety.

Strategic Fund Agency: The enacted budget includes funding for economic adjustments and contains no major policy changes.

Transportation: The enacted budget includes the distribution of State and Federal transportation funds to the State and local units of government pursuant to statutory funding provisions. The budget also includes language to direct the Department to continue the State subsidy to the Amtrak system to continue the operation of existing Grand Rapids to Chicago and Port Huron to Chicago passenger rail service.

Treasury-Operations: The enacted budget includes funding for the State to participate in a multistate initiative to develop software that would better enable remote sellers to collect state sales tax. The budget also provides funding for increased enforcement of the cigarette stamp program in an effort to fully enforce State cigarette tax laws.

Treasury-Debt Service: The enacted budget includes funding for the debt service costs of State-issued general obligation bonds.

Treasury-Revenue Sharing: The enacted budget includes the full funding of constitutional and statutory revenue sharing payments. On an overall basis revenue sharing payments to cities, villages, townships, and counties will increase by 9.4% over the estimated level of payments during the prior fiscal year.

GUBERNATORIAL VETOES

The Governor, through his constitutional line-item veto authority, vetoed \$56.2 million of Adjusted Gross appropriations and \$700,000 of GF/GP appropriations. These line-item vetoes are summarized in [Table E](#) and discussed in detail in the individual departmental sections of this report.

FEE INCREASES

The FY 2000-01 enacted appropriation bills include the appropriation of \$2.0 million of new fee revenues. [Table F](#) provides a summary of these fee increases.

TOBACCO SETTLEMENT APPROPRIATIONS

As part of the master settlement agreement between the states and the United States tobacco industry, the State of Michigan is scheduled to receive an estimated \$268.0 million of tobacco settlement funds during FY 2000-01. These funds are subject to the legislative appropriation process and can be appropriated for any purpose. [Table G](#) provides a summary of the enacted FY 2000-01 appropriation of tobacco settlement funds. The Legislature approved tobacco settlement fund appropriations of \$296.2 million. This exceeds the level of FY 2000-01 settlement payments by \$28.2 million. The difference is made up by unallocated FY 1999-2000 tobacco settlement payments that are carried forward into FY 2000-01. The tobacco settlement funds are appropriated out of two separate trust funds. The Merit Award Trust Fund and the Tobacco Settlement Trust Fund are created by statute to receive a fixed percentage of the total tobacco settlement funds received by the State. During FY 2000-01 the total tobacco settlement payments are divided equally between the two trust funds.

PROJECTED YEAR-END BALANCE

The level of FY 2000-01 appropriations approved by the Legislature and signed into law by the Governor was based on a consensus estimate of the level of GF/GP and School Aid Fund revenue available for expenditure. The FY 2000-01 consensus revenue estimates that were the basis for the budget were developed at the Consensus Revenue Estimating Conference held on May 19, 2000. The FY 2000-01 GF/GP and School Aid Fund budgets enacted into law provide a balance between estimated revenues and expenditures pursuant to constitutional requirements.

[Table H](#) provides a summary of the projected FY 2000-01 GF/GP year-end balance. The projected balance of \$3.7 million will carry forward and be available to support FY 2001-02 appropriations. [Table I](#) provides a summary of the FY 2000-01 School Aid Fund year-end balance. The projected balance of \$859.4 million will carry forward and has been assumed in the FY 2001-02 and FY 2002-03 School Aid Fund budgets already enacted by the Legislature.

STATE EMPLOYMENT LEVELS

Table J and Figure 5 provide a summary of State classified full-time equated (FTE) employees appropriated in FY 2000-01 versus the year-to-date level of FTE employees appropriated in FY 1999-2000. Total appropriated FTE employees in FY 2000-01 are 64,621.0, an increase of 1,004.1 employees, or 1.6% from the prior year. As has been the case for a number of years, the employment level of the Department of Corrections represents the largest number of classified FTEs in any one department. During FY 2000-01, 19,784.8 FTEs were appropriated in the Department of Corrections. This represents 30.6% of the entire State classified work force. The 610.5 FTE employee increase in the Department of Corrections during FY 2000-01 will be used primarily to staff new prison beds that will open throughout the fiscal year. Excluding the Department of Corrections, FTE employment in all other State departments increased by 393.6 or 0.9%.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Article IX, Section 30 of the State Constitution of 1963 prohibits the State from reducing the portion of State appropriations paid to local units of government below the FY 1978-79 level of 48.97%. The Senate Fiscal Agency estimates that enacted FY 2000-01 appropriation bills exceed the minimum constitutional requirement by \$2.8 billion. Table K provides a summary of the calculations used to determine the State's compliance with this constitutional requirement in FY 1999-2000 and FY 2000-01. Table L lists the State appropriations counted as payments to local units of government in both FY 1999-2000 and FY 2000-01.

FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

Consistent with the practice over the past few years, at the same time the Legislature enacted the initial FY 2000-01 appropriation bills it also debated and enacted a comprehensive FY 1999-2000 supplemental appropriation bill (Public Act 291 of 2000). In addition, the K-12 School Aid appropriation bill (Public Act 297 of 2000) also contained FY 1999-2000 supplemental appropriations. The supplemental appropriations contained in Public Act 291 of 2000 cover a broad range of issues. These include one-time appropriations for a variety of capital construction and grant programs, additional funding for projected base funding shortfalls in several programs, numerous information technology initiatives across State government, adjustments in existing State appropriations to meet new Federal requirements, and a variety of other appropriations. The appropriations contained in Public Act 291 of 2000 totaled \$598.1 million of Adjusted Gross appropriations and \$377.5 million of GF/GP appropriations. The funding for this supplemental appropriation bill came from surplus Federal, State Restricted and GF/GP funds. Table M provides a detailed summary of the items contained in Public Act 291 of 2000. The K-12 School Aid budget (Public Act 297 of 2000) contained \$40.0 million of FY 1999-2000 School Aid Fund supplemental appropriations. Table N provides a summary of the School Aid Fund supplemental appropriations.

Table A

FY 2000-01 ENACTED APPROPRIATIONS BY SOURCE OF FUNDS (Actual Dollars)					
Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Funds
Agriculture	\$88,235,700	\$6,037,000	\$1,121,900	\$34,047,000	\$47,029,800
Attorney General	51,919,800	7,124,800	1,149,200	8,374,800	35,271,000
Capital Outlay	464,994,800	99,361,000	17,372,000	35,447,200	312,814,600
Career Development	522,406,400	468,818,800	17,633,200	10,495,800	25,458,600
Civil Rights	15,272,500	934,000	0	0	14,338,500
Civil Service	27,105,600	4,779,100	1,850,000	9,257,600	11,218,900
Clean Michigan Initiative	0	0	0	0	0
Community Colleges	325,011,719	0	0	10,000,000	315,011,719
Community Health	8,492,290,600	4,461,470,600	960,618,400	383,210,400	2,686,991,200
Consumer and Industry Services	529,647,400	237,626,000	745,900	207,513,200	83,762,300
Corrections	1,697,147,900	26,633,600	429,500	50,484,300	1,619,600,500
Education	928,975,300	873,591,700	7,117,300	13,587,600	34,678,700
Environmental Quality	391,999,100	129,737,500	1,523,800	160,831,600	99,906,200
Executive	5,679,600	0	0	0	5,679,600
Family Independence Agency	3,591,057,500	2,204,146,150	119,160,150	50,641,200	1,217,110,000
Higher Education*	1,905,000,608	3,900,000	0	115,250,000	1,785,850,608
Judiciary	233,305,500	2,826,600	4,158,500	56,003,600	170,316,800
Legislative Auditor General	13,450,100	0	0	266,600	13,183,500
Legislature	106,420,700	0	400,000	1,041,800	104,978,900
Library of Michigan	39,916,700	4,557,400	75,000	86,900	35,197,400
Management & Budget	91,416,500	550,500	0	43,905,200	46,960,800
Military and Veteran Affairs	101,172,700	35,952,600	375,000	22,988,200	41,856,900
Natural Resources (Operations)	251,763,400	24,649,100	1,728,900	169,426,800	55,958,600
School Aid	10,932,335,000	145,000,000	0	10,401,721,500	385,613,500
State	131,481,000	2,704,700	501,600	63,144,500	65,130,200
State Police	381,619,600	34,329,300	3,495,300	43,231,600	300,563,400
Strategic Fund Agency	168,982,800	52,673,200	656,700	50,050,000	65,602,900
Transportation	2,967,845,100	915,449,000	5,700,000	2,046,696,100	0
Treasury (Debt Service)	91,570,500	0	700,000	0	90,870,500
Treasury (Operations)	346,134,000	33,800,000	1,145,900	241,737,900	69,450,200
Treasury (Revenue Sharing)	1,600,600,000	0	0	1,600,600,000	0
Total Appropriations	\$36,494,758,127	\$9,776,652,650	\$1,147,658,250	\$15,830,041,400	\$9,740,405,827

* Assumes passage of FY 2000-01 Higher Education appropriation at Conference Report amount.

Figure 1

Appropriations by Source of Funds FY 2000-01 Enacted Appropriations

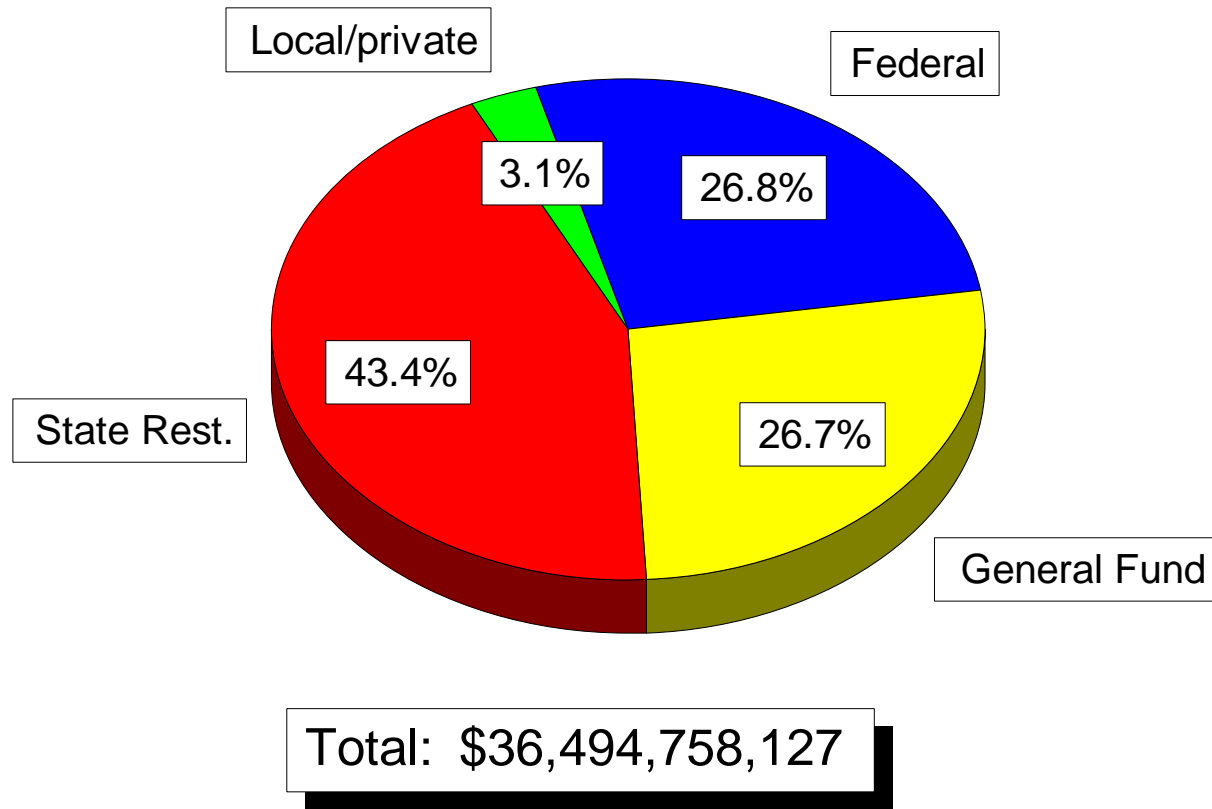


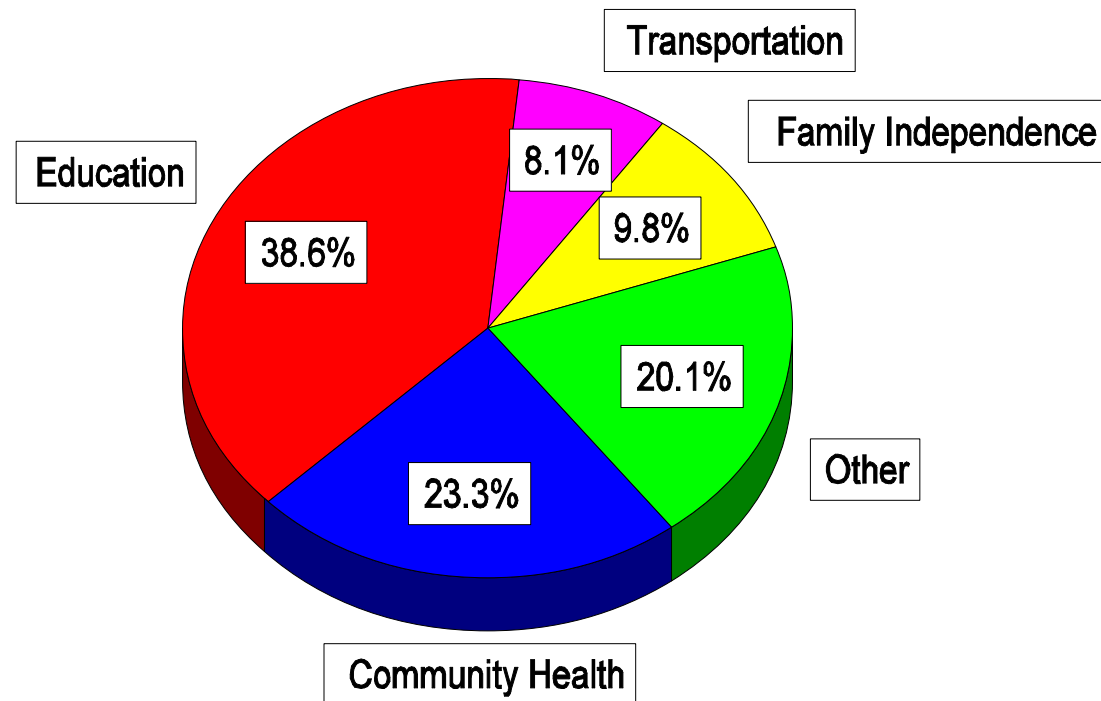
Table B

ADJUSTED GROSS APPROPRIATIONS FY 1999-2000 VERSUS FY 2000-01 (Actual Dollars)				
Department/Budget Area	FY 1999-2000 Year-to-Date Appropriations	FY 2000-01 Enacted Appropriations	Dollar Difference	Percent Change
Agriculture	\$107,585,800	\$88,235,700	(\$19,350,100)	(18.0)%
Attorney General	47,227,100	51,919,800	4,692,700	9.9
Capital Outlay	588,345,600	464,994,800	(123,350,800)	(21.0)
Career Development	547,357,700	522,406,400	(24,951,300)	0.0
Civil Rights	15,623,300	15,272,500	(350,800)	(2.2)
Civil Service	27,485,500	27,105,600	(379,900)	(1.4)
Clean Michigan Initiative	105,934,699	0	(105,934,699)	(100.0)
Community Colleges	297,228,019	325,011,719	27,783,700	9.3
Community Health	8,153,207,000	8,492,290,600	339,083,600	4.2
Consumer and Industry Services	496,437,600	529,647,400	33,209,800	6.7
Corrections	1,558,085,200	1,697,147,900	139,062,700	8.9
Education	1,004,286,400	928,975,300	(75,311,100)	(7.5)
Environmental Quality	385,152,900	391,999,100	6,846,200	1.8
Executive	5,425,100	5,679,600	254,500	4.7
Family Independence Agency	3,828,812,900	3,591,057,500	(237,755,400)	(6.2)
Higher Education*	1,785,959,308	1,905,000,608	119,041,300	6.7
Judiciary	229,034,600	233,305,500	4,270,900	1.9
Legislative Auditor General	12,816,300	13,450,100	633,800	4.9
Legislature	104,553,500	106,420,700	1,867,200	1.8
Library of Michigan	38,977,400	39,916,700	939,300	2.4
Management & Budget	124,072,700	91,416,500	(32,656,200)	(26.3)
Military and Veteran Affairs	97,499,000	101,172,700	3,673,700	3.8
Natural Resources (Operations)	272,012,600	251,763,400	(20,249,200)	(7.4)
Natural Resources Trust Fund	27,328,300	0	(27,328,300)	(100.0)
School Aid	10,077,608,600	10,932,335,000	854,726,400	8.5
State	125,379,700	131,481,000	6,101,300	4.9
State Police	360,250,300	381,619,600	21,369,300	5.9
Strategic Fund Agency	218,817,100	168,982,800	(49,834,300)	0.0
Transportation	2,861,290,200	2,967,845,100	106,554,900	3.7
Treasury (Debt Service)	94,117,500	91,570,500	(2,547,000)	(2.7)
Treasury (Operations)	310,787,500	346,134,000	35,346,500	11.4
Treasury (Revenue Sharing)	1,470,522,000	1,600,600,000	130,078,000	8.8
Total Appropriations	\$35,379,221,426	\$36,494,758,127	\$1,115,536, 701	3.2%

* Assumes passage of FY 2000-01 Higher Education appropriation at Conference Report amount.

Figure 2

Adjusted Gross FY 2000-01 Enacted Appropriations



Total: \$36,494,758,127

Table C

STATE SPENDING FROM STATE RESOURCES FY 1999-2000 VERSUS FY 2000-01 (Actual Dollars)				
Department/Budget Area	FY 1999-2000 Year to Date Appropriations	FY 2000-01 Enacted Appropriations	Dollar Difference	Percent Change
Agriculture	\$100,723,900	\$81,076,800	(\$19,647,100)	(19.5)%
Attorney General	38,937,000	43,645,800	4,708,800	12.1
Capital Outlay	484,386,800	348,261,800	(136,125,000)	(28.1)
Career Development	121,559,500	35,954,400	(85,605,100)	0.0
Civil Rights	14,739,300	14,338,500	(400,800)	(2.7)
Civil Service	20,856,400	20,476,500	(379,900)	(1.8)
Clean Michigan Initiative	105,934,699	0	(105,934,699)	(100.0)
Community Colleges	297,228,019	325,011,719	27,783,700	9.3
Community Health	3,030,478,900	3,070,201,600	39,722,700	1.3
Consumer and Industry Services	276,330,700	291,275,500	14,944,800	5.4
Corrections	1,531,304,200	1,670,084,800	138,780,600	9.1
Education	67,791,600	48,266,300	(19,525,300)	(28.8)
Environmental Quality	252,857,100	260,737,800	7,880,700	3.1
Executive	5,425,100	5,679,600	254,500	4.7
Family Independence Agency	1,246,311,000	1,267,751,200	21,440,200	1.7
Higher Education*	1,782,059,308	1,901,100,608	119,041,300	6.7
Judiciary	221,757,800	226,320,400	4,562,600	2.1
Legislative Auditor General	12,816,300	13,450,100	633,800	4.9
Legislature	104,153,500	106,020,700	1,867,200	1.8
Library of Michigan	34,345,000	35,284,300	939,300	2.7
Management & Budget	123,346,000	90,866,000	(32,480,000)	(26.3)
Military and Veteran Affairs	63,659,600	64,845,100	1,185,500	1.9
Natural Resources (Operations)	243,872,300	225,385,400	(18,486,900)	(7.6)
Natural Resources Trust Fund	27,328,300	0	(27,328,300)	(100.0)
School Aid	9,957,608,600	10,787,335,000	829,726,400	8.3
State	121,767,500	128,274,700	6,507,200	5.3
State Police	321,478,000	343,795,000	22,317,000	6.9
Strategic Fund Agency	164,957,200	115,652,900	(49,304,300)	0.0
Transportation	1,983,965,200	2,046,696,100	62,730,900	3.2
Treasury (Debt Service)	93,417,500	90,870,500	(2,547,000)	(2.7)
Treasury (Operations)	268,740,300	311,188,100	42,447,800	15.8
Treasury (Revenue Sharing)	1,470,522,000	1,600,600,000	130,078,000	8.8
Total Appropriations	\$24,590,658,626	\$25,570,447,227	\$979,788,601	4.0%
* Assumes passage of FY 2000-01 Higher Education appropriation at Conference Report amount.				

Figure 3

State Spending from State Resources

FY 2000-01 Enacted Appropriations

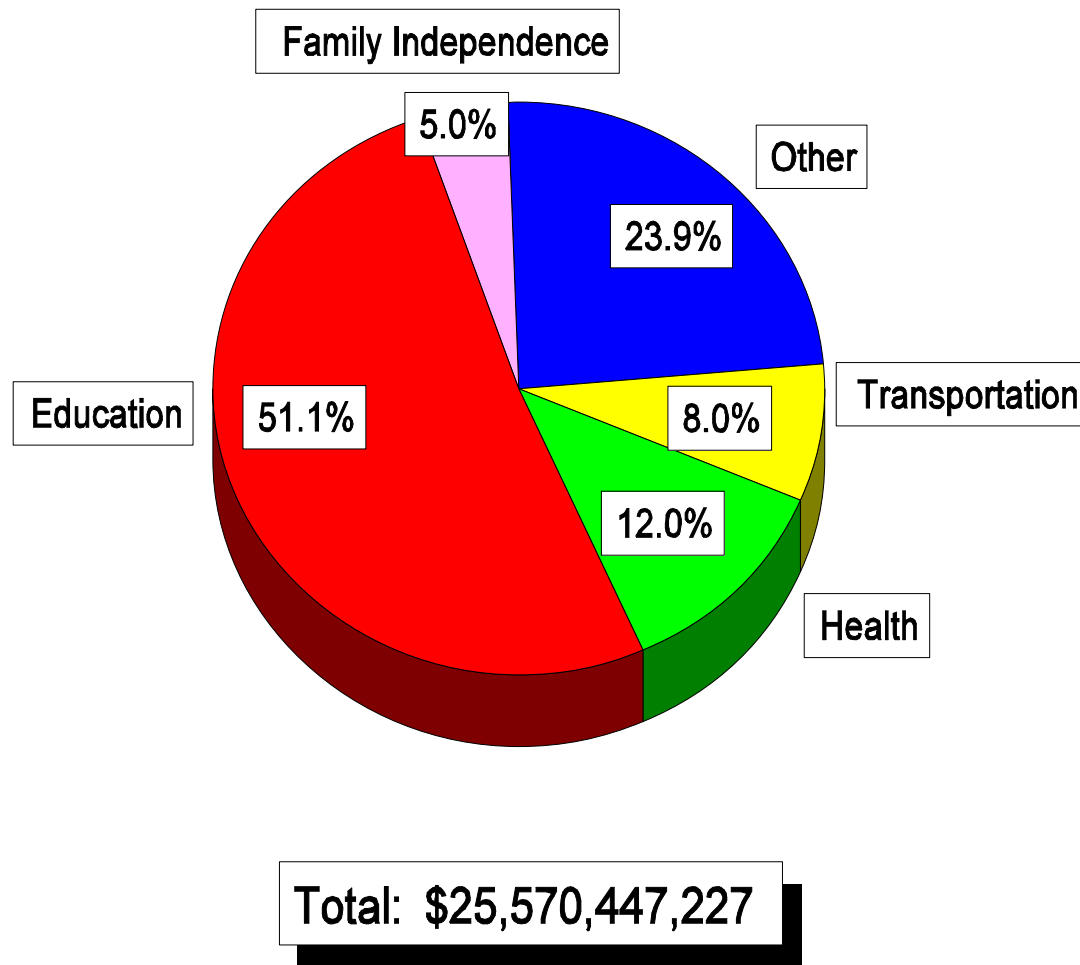


Table D

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 1999-2000 VERSUS FY 2000-01 (Actual Dollars)				
Department/Budget Area	FY 1999-2000 Year-To-Date Appropriations	FY 2000-01 Enacted Appropriations	Dollar Difference	Percent Change
Agriculture	\$62,633,900	\$47,029,800	(\$15,604,100)	(24.9)%
Attorney General	32,078,800	35,271,000	3,192,200	10.0
Capital Outlay	399,235,300	312,814,600	(86,420,700)	(21.6)
Career Development	41,639,200	25,458,600	(16,180,600)	(38.9)
Civil Rights	14,739,300	14,338,500	(400,800)	(2.7)
Civil Service	11,997,200	11,218,900	(778,300)	(6.5)
Clean Michigan Initiative	0	0	0	0.0
Community Colleges	297,228,019	315,011,719	17,783,700	6.0
Community Health	2,639,994,000	2,686,991,200	46,997,200	1.8
Consumer and Industry Services	80,857,500	83,762,300	2,904,800	3.6
Corrections	1,482,956,300	1,619,600,500	136,644,200	9.2
Education	39,787,000	34,678,700	(5,108,300)	(12.8)
Environmental Quality	96,296,400	99,906,200	3,609,800	3.7
Executive	5,425,100	5,679,600	254,500	4.7
Family Independence Agency	1,169,287,900	1,217,110,000	47,822,100	4.1
Higher Education*	1,679,309,308	1,785,850,608	106,541,300	6.3
Judiciary	165,882,900	170,316,800	4,433,900	2.7
Legislative Auditor General	12,522,500	13,183,500	661,000	5.3
Legislature	103,111,700	104,978,900	1,867,200	1.8
Library of Michigan	34,258,100	35,197,400	939,300	2.7
Management & Budget	80,448,000	46,960,800	(33,487,200)	(41.6)
Military and Veteran Affairs	40,600,500	41,856,900	1,256,400	3.1
Natural Resources	77,745,000	55,958,600	(21,786,400)	(28.0)
Natural Resources Trust Fund	0	0	0	0.0
School Aid	420,613,500	385,613,500	(35,000,000)	(8.3)
State	60,784,200	65,130,200	4,346,000	7.1
State Police	278,938,900	300,563,400	21,624,500	7.8
Strategic Fund Agency	114,907,200	65,602,900	(49,304,300)	(42.9)
Transportation	0	0	0	0.0
Treasury (Debt Service)	93,417,500	90,870,500	(2,547,000)	(2.7)
Treasury (Operations)	63,298,400	69,450,200	6,151,800	9.7
Treasury (Revenue Sharing)	7,700,000	0	(7,700,000)	(100.0)
Total Appropriations	\$9,607,693,627	\$9,740,405,827	\$132,712,200	1.4%
* Assumes passage of FY 2000-01 Higher Education appropriation at Conference Report amount.				

Figure 4

General Fund General Purpose FY 2000-01 Enacted Appropriations

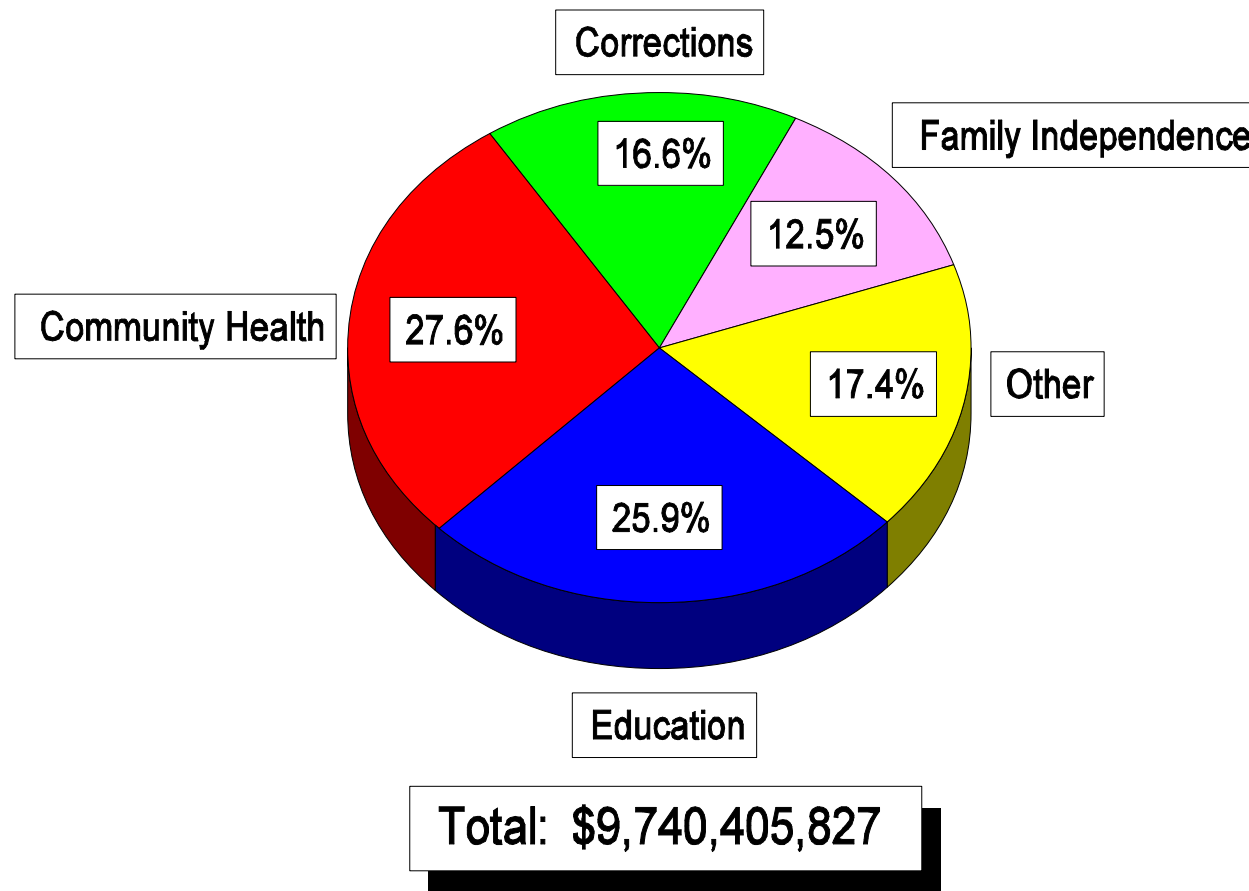


Table E

FY 2000-01 BUDGET LINE-ITEM VETOES (Actual Dollars)		
Department/Item	Adjusted Gross	General Fund/ General Purpose
Agriculture		
Michigan Biotechnology Institute	\$100,000	\$100,000
Wetlands Demonstration Project	100,000	100,000
Michigan Integrated Food and Farming Systems	50,000	50,000
Michigan Festivals	80,000	80,000
Horse Racing-Thoroughbred Sire Stakes	37,500	0
Horse Racing-Thoroughbred Owners' Awards	37,500	0
Community Colleges		
Renaissance Zone Tax Reimbursement	50,000	50,000
Community Health		
Smoking Prevention Program Earmarking	1,500,000	0
Consumer and Industry Services		
Regional Communications Emergency Command Post	50,000	50,000
Education		
Certified School Nurse Consultant	20,000	20,000
Office of Safe Schools	50,000	0
Family Independence Agency		
Low-Income Fatherhood Pilot Program	1,000,000	0
Boys and Girls Clubs After School Programs	255,000	0
Career Tracking Approach to Employment	275,000	0
Day Care Provider Education Program	1,250,000	0
Day Care Income Eligibility Level	5,100,000	0
Saginaw Service Career Path Grant	112,500	0
Created for Caring Grant	112,500	0
School Aid		
Infrastructure Funding	18,000,000	0
Court Placed Kids	100,000	0
Special Education Funding	15,000,000	0
Strategic Fund Agency		
Small Business Development Center	250,000	250,000
Transportation		
Dead Deer Removal from County Roads	400,000	0
Dead Deer Removal from State Roads	500,000	0
Macomb County Bridge Repairs	3,000,000	0
Federal Aid-Local Bridges	6,163,000	0
I -696 Soundwall-City of Southfield	1,000,000	0
I-75 Interchange-Ogemaw County	100,000	0
Pedestrian Overpass-City of Jackson	1,500,000	0
Total Vetoes	\$56,193,000	\$700,000

Table F

FEE INCREASES INCLUDED IN ENACTED FY 2000-01 BUDGET		
Department	Type of Fee	Fee Revenue Included in FY 2000-01 Budget
Agriculture	Food Safety Fees	\$760,000
Community Health	Newborn Screening Fees	189,200
Community Health	Vital Records Fees	200,000
Corrections	Public Work Crews Supervision Fees	229,000
Judiciary	Law Exam Fees	200,000
Natural Resources	Campground User Fees	425,000
Total Fee Increases		\$2,003,200

Table G

TOBACCO SETTLEMENT FUNDS APPROPRIATED IN FY 2000-01 STATE BUDGET (Millions of Dollars)		
Program	Department	Appropriation
<u>MERIT AWARD TRUST FUND</u>		
Merit Award Scholarships	Higher Education	\$110.0
Tuition Incentive Program	Higher Education	5.3
Michigan Educational Assessment Program	Treasury	16.9
Merit Award Scholarship Board	Treasury	2.0
Subtotal		\$134.2
<u>TOBACCO SETTLEMENT TRUST FUND</u>		
Senior Prescription Drug Program	Community Health	\$ 33.0
Personal Needs Allowance	Community Health	5.0
Long-Term Care Health Advisor	Community Health	3.0
Respite Care Services	Community Health	5.0
Local Indigent Medical Care	Community Health	10.0
Rural Health Initiative	Community Health	10.0
Medicaid base Funding	Community Health	20.0
Health Research and Development	Strategic Fund Agency	50.0
Council of Michigan Foundations	Career Development	6.0
Postsecondary Access Student Program	Community Colleges	10.0
Michigan Education Savings Program	Treasury	10.0
Subtotal		\$162.0
TOTAL TOBACCO SETTLEMENT APPROPRIATIONS		\$296.2

Table H

FY 2000-01 GENERAL FUND/GENERAL PURPOSE REVENUES, EXPENDITURES AND YEAR-END BALANCE (Millions of Dollars)	
	SFA Estimate
REVENUES:	
Beginning Balance	\$ 0.0
Baseline Consensus Revenue Estimate	10,498.5
Nonbaseline Revenue Adjustments	(796.3)
Homestead Property Tax Credit Funding Shift	27.0
TOTAL REVENUES	\$9,729.2
EXPENDITURES:	
Enacted Appropriations	\$7,954.6
Higher Education Conference Report	1,785.9
Projected Appropriation Lapses	(15.0)
TOTAL EXPENDITURES	\$9,725.5
PROJECTED YEAR-END BALANCE	\$ 3.7

Table I

FY 2000-01 SCHOOL AID FUND REVENUES, EXPENDITURES AND YEAR-END BALANCE (Millions of Dollars)	
	SFA Estimate
REVENUES:	
Beginning Balance	\$ 867.1
Baseline Revenue Estimate	10,351.3
Nonbaseline Revenue Adjustments	10.8
General Fund/General Purpose Grant	385.6
Budget Stabilization Fund Withdrawal	32.0
Federal Aid	145.0
TOTAL AVAILABLE REVENUES	\$11,791.8
EXPENDITURES:	
Original Appropriations (PA 119 of 1999)	\$10,599.4
Pending Supplemental Appropriations (PA 297 of 2000)	333.0
Projected Appropriation Lapses	---
TOTAL EXPENDITURES	\$10,932.4
PROJECTED YEAR-END BALANCE	\$ 859.4

Table J

FULL-TIME EQUATED POSITIONS FY 1999-2000 VERSUS FY 2000-01				
Department/Budget Area	FY 1999-2000 Year-To-Date Positions	FY 2000-01 Enacted Positions	Position Change	Percent Change
Agriculture	599.5	653.5	54.0	9.0%
Attorney General	569.0	595.0	26.0	4.6
Capital Outlay	0.0	0.0	0.0	0.0
Career Development	1,066.0	1,139.0	73.0	0.0
Civil Rights	166.5	166.5	0.0	0.0
Civil Service	230.5	230.5	0.0	0.0
Clean Michigan Initiative	0.0	0.0	0.0	0.0
Community Colleges	0.0	0.0	0.0	0.0
Community Health	6,130.3	6,258.1	127.8	2.1
Consumer and Industry Services	4,148.4	4,182.4	34.0	0.8
Corrections	19,174.3	19,784.8	610.5	3.2
Education	542.6	457.6	(85.0)	(15.7)
Environmental Quality	1,618.7	1,631.7	13.0	0.8
Executive	75.0	75.0	0.0	0.0
Family Independence Agency	13,465.3	13,499.6	34.3	0.3
Higher Education	1.0	1.0	0.0	0.0
Judiciary	583.0	590.5	7.5	1.3
Legislative Auditor General	0.0	0.0	0.0	0.0
Legislature	0.0	0.0	0.0	0.0
Library of Michigan	0.0	0.0	0.0	0.0
Management & Budget	944.0	961.5	17.5	1.9
Military and Veteran Affairs	1,077.0	1,081.0	4.0	0.4
Natural Resources (Operations)	2,237.5	2,246.5	9.0	0.4
Natural Resources Trust Fund	0.0	0.0	0.0	0.0
School Aid	0.0	0.0	0.0	0.0
State	2,044.0	2,048.0	4.0	0.2
State Police	3,594.0	3,618.0	24.0	0.7
Strategic Fund Agency	241.0	235.0	(6.0)	(2.5)
Transportation	3,176.3	3,176.3	0.0	0.0
Treasury (Debt Service)	0.0	0.0	0.0	0.0
Treasury (Operations)	1,933.0	1,989.5	56.5	2.9
Treasury (Revenue Sharing)	0.0	0.0	0.0	0.0
Total Positions	63,616.9	64,621.0	1,004.1	1.6%
* Assumes passage of FY 2000-01 Higher Education appropriation at Conference Report amount.				

Figure 5

Full-Time Equated Positions FY 2000-01 Enacted Appropriations

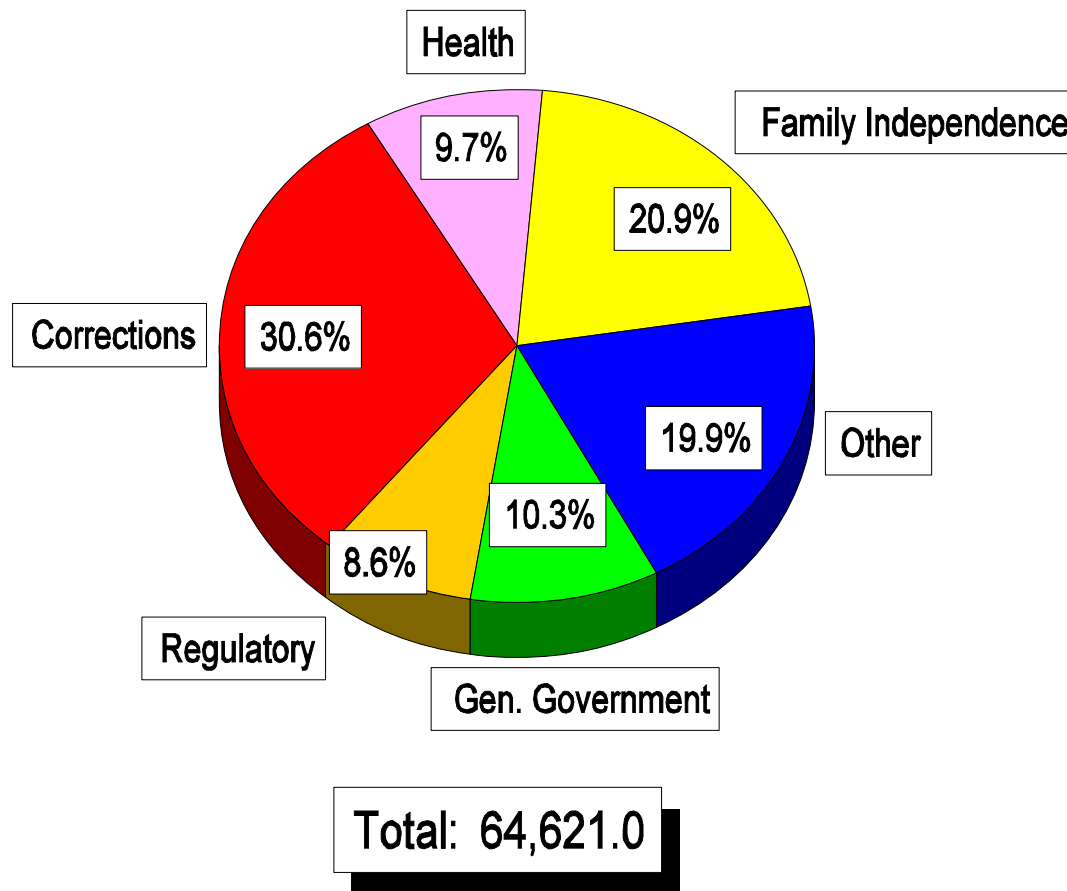


Table K

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT (Millions of Dollars)		
	1999-2000 Estimate	2000-01 Estimate
State Spending from State Resources ¹⁾	\$24,530.7	\$25,510.4
Required Payments to Local Units of Government (48.97%)	\$12,012.7	\$12,492.4
Estimated Payments to Local Units of Government	\$14,835.9	\$15,315.8
Estimated Payments as a Percentage of Total State Spending	60.48%	60.04%
Surplus of Section 30 Payments	\$2,823.2	\$2,823.4
¹⁾ Excludes \$60.0 million of unrestricted Federal aid.		

Table L

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 1999-2000 VERSUS FY 2000-01 (Actual Dollars)				
Department/Budget Area	FY 1999-2000 Year-To-Date Appropriations	FY 2000-01 Enacted Appropriations	Dollar Difference	Percent Change
Agriculture	\$1,400,000	\$4,500,000	\$3,100,000	221.4%
Attorney General	0	0	0	0.0
Capital Outlay	63,473,263	28,770,000	(34,703,263)	(54.7)
Career Development	75,000,000	0	(75,000,000)	(100.0)
Civil Rights	0	0	0	0.0
Civil Service	0	0	0	0.0
Clean Michigan Initiative	87,714,699	0	(87,714,699)	(100.0)
Community Colleges	297,228,019	315,011,719	17,783,700	6.0
Community Health	1,086,316,500	1,027,454,000	(58,862,500)	(5.4)
Consumer and Industry Services	33,773,700	33,921,000	147,300	0.4
Corrections	78,816,500	81,056,300	2,239,800	2.8
Education	27,492,600	14,054,400	(13,438,200)	(48.9)
Environmental Quality	7,019,900	6,529,900	(490,000)	(7.0)
Executive	0	0	0	0.0
Family Independence Agency	130,272,300	142,932,000	12,659,700	9.7
Higher Education*	4,566,584	4,670,654	104,070	0.0
Judiciary	117,184,700	115,265,800	(1,918,900)	(1.6)
Legislative Auditor General	0	0	0	0.0
Legislature	117,184,700	115,265,800	(1,918,900)	(1.6)
Library of Michigan	21,661,000	21,783,200	122,200	0.6
Management & Budget	0	0	0	0.0
Military and Veteran Affairs	111,900	120,000	8,100	7.2
Natural Resources (Operations)	22,485,100	22,668,700	183,600	0.8
Natural Resources Trust Fund	18,070,613	0	(18,070,613)	(100.0)
School Aid	9,931,321,400	10,520,110,000	588,788,600	5.9
State	69,800	69,800	0	0.0
State Police	19,581,100	20,120,300	539,200	2.8
Strategic Fund Agency	31,000,000	0	(31,000,000)	0.0
Transportation	1,105,317,700	1,148,665,500	43,347,800	3.9
Treasury (Debt Service)	0	0	0	0.0
Treasury (Operations)	88,298,900	92,271,300	3,972,400	4.5
Treasury (Revenue Sharing)	1,470,522,000	1,600,600,000	130,078,000	8.8
Total Appropriations	\$14,835,882,978	\$15,315,840,373	\$479,957,395	3.2%
* Assumes passage of FY 2000-01 Higher Education appropriation at Conference Report amount.				

Table M

PUBLIC ACT 291 of 2000 FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS (Actual Dollars)		
Department/Budget Area	Gross Appropriations	GF/GP Appropriations
Agriculture		
Horse Racing Grants	\$ 1,307,300	\$ 0
Bovine Tuberculosis Programs	14,500,000	14,500,000
Food Bank	250,000	250,000
Food Code Implementation	2,000,000	2,000,000
Agriculture Development Initiatives	5,000,000	0
Capital Outlay		
Natural Resources Trust Fund Projects	13,651,400	0
Natural Resources-Local Harbor Dredging	10,000,000	0
Natural Resources-State Harbor Dredging	4,000,000	0
Natural Resources-City of Detroit, St. Aubin Marina	3,000,000	0
Higher Education-Infrastructure, Technology, Equipment and Maintenance	44,989,800	44,989,800
Community Colleges-Infrastructure, Technology, Equipment and Maintenance	8,798,800	8,798,800
Private Colleges-Infrastructure, Technology, Equipment and Maintenance	2,213,000	2,213,000
Detroit Zoological Park	10,000,000	10,000,000
Niles State Police Post/Public Safety Complex	6,500,000	6,500,000
Iron Ore Museum	500,000	500,000
Kalamazoo Aviation History Museum	3,000,000	3,000,000
Southwest Michigan Innovations Center	5,000,000	5,000,000
Attorney General-Building Renovations	1,600,000	1,600,000
Corrections-Consolidate Intake Unit Project	5,000,000	5,000,000
Management and Budget-Building Demolition	5,000,000	5,000,000
State Building Authority Construction Authorizations:		
Wayne State University-Welcome Center (\$18.5 million Total Cost)	100	100
Department of Agriculture-Diagnostic Laboratory (\$45.0 million Total Cost)	100	100
Department of State Police-Public Safety Comm. System (\$234.2 million Total Cost) . .	28,300,000	28,300,000
Alpena Community College-Concrete Technology Center (\$7.2 million Total Cost) . . .	407,700	407,700
Central Michigan University-Health Professions Building (\$50.0 million Total Cost) . . .	100	100
Grand Valley State University-Health Professions Building (\$53.0 million Total Cost) . .	100	100
Gogebic Community College-General Campus Renovations (\$1.4 million Total Cost) . .	100	100
Lake Superior State University-Arts Classroom Building (\$15.3 million Total Cost)	100	100

**PUBLIC ACT 291 of 2000
FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS
(Actual Dollars)**

Department/Budget Area	Gross Appropriations	GF/GP Appropriations
State Building Authority Planning Authorizations:		
Ferris State University-Engineering and Technology Center	100	100
Northern Michigan University-East Campus Facilities Renovations	100	100
Kellogg Community College-West Michigan Center for Manufacturing Research	100	100
Montcalm Community College-Greenville Technology and Learning Center	100	100
St. Clair County Community College-Campus Renovations	100	100
Monroe Community College-Performing Arts and Education Building	100	100
Career Development		
Welfare to Work Programs	8,000,000	0
Focus HOPE	10,500,000	10,500,000
Community Service Alliance	10,000,000	10,000,000
Civil Rights		
Replace Federal Funds with GF/GP	0	750,000
Staffing Replacement Plan	1,000,000	1,000,000
Civil Service		
Human Services Information Technology Project	1,200,000	1,200,000
Community Health		
Health Insurance Data Automation	7,000,000	1,750,000
Diabetes Outreach Program	500,000	0
Qualified Health Plan Encounter Date System	4,200,000	1,050,000
Bovine Tuberculosis Programs	749,000	749,000
Child Car Seat Safety Program	300,000	300,000
Wayne County Juvenile Health Services	4,455,300	0
Consumer and Industry Services		
Fire and Emergency Training Center	1,000,000	1,000,000
Regional EMS Training Center	2,000,000	2,000,000
Corrections		
800MHz Radio System	1,377,200	1,377,200
Reductions Transferred to Capital Outlay Project	(5,000,000)	(5,000,000)

**PUBLIC ACT 291 of 2000
FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS
(Actual Dollars)**

Department/Budget Area	Gross Appropriations	GF/GP Appropriations
Education		
Troops for Teachers	40,000	0
NAEP Test Incentive Grants	220,000	220,000
Reading Readiness Packages	2,250,000	1,750,000
Emergency Immigrant Program	950,000	0
Certification Fees	240,000	0
Environmental Quality		
Automated Data Processing	300,000	0
Volunteer River, Stream and Creek Cleanup	50,000	50,000
Family Independence Agency		
Temporary Assistance for Needy Families Fund Shift	0	16,300,000
Food Stamp Reinvestment	18,813,200	18,813,200
Personal Computer Upgrades	15,000,000	6,000,000
Children's Trust Fund	13,145,200	13,145,200
Teen Pregnancy Reduction Project	20,000,000	0
Family Opportunity Project	50,000,000	0
Community Services Block Grants	1,000,000	1,000,000
Domestic Violence Prevention and Treatment Services	370,000	0
Family Preservation and Prevention Services	3,000,000	0
Attorney General Contract	375,000	0
Central Support Accounts	12,000,000	0
Lapse Revenue Account	0	8,000,000
Child Support Enforcement Federal Sanction	0	17,300,000
Homestead Property Tax Credits-TANF Funds	27,000,000	0
Higher Education		
Merit Award Scholarships	11,200,000	0

**PUBLIC ACT 291 of 2000
FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS
(Actual Dollars)**

Department/Budget Area	Gross Appropriations	GF/GP Appropriations
Judiciary		
Model Trial Court Projects	2,300,000	2,300,000
Law Exam Fee	0	200,000
Riverview Court	250,000	250,000
Local Costs to Implement HB 4927-4932	1,650,000	1,650,000
Legislature		
Redistricting	1,000,000	1,000,000
Capital Building Renovations	400,000	400,000
Management and Budget		
E-Michigan Initiative	23,200,000	21,200,000
Arts and Cultural Grants	11,100,000	11,100,000
Council of State Governments Annual Meeting Expenses	350,000	350,000
Census and Redistricting	500,000	500,000
Electronic Fund Transfer/Vendor Enrollment	2,000,000	2,000,000
Military Affairs		
Vietnam Veterans Memorial	500,000	500,000
Grand Rapids Veterans Facility	400,000	400,000
Natural Resources		
Nongame Wildlife Trust Fund	2,400,000	2,400,000
Clean Michigan Initiative-Local Recreation Grants	12,438,300	0
Snowmobile Local Program Grants	1,500,000	0
Snowmobile Law Enforcement Grants	500,000	0
Federal-Land and Water Conservation	1,200,000	0
Bovine Tuberculosis Programs	4,500,000	4,500,000
General Law Enforcement	1,500,000	1,500,000
Administrative Services	100,000	0
Fisheries Management	960,000	0
Farmland and Open Space Preservation	18,000	0
Purchase Lands Taxes/Open Space Payments	100,000	0
Dober Mine Settlement Project	312,000	0
State Parks	892,900	0
Resource Mapping and Aerial Photography	1,023,500	0

PUBLIC ACT 291 of 2000 FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS (Actual Dollars)		
Department/Budget Area	Gross Appropriations	GF/GP Appropriations
National Recreation Trails	1,300,000	0
Forest Fire Match	850,000	850,000
Tribal Fishing Settlement	17,000,000	17,000,000
State		
Branch Office Computer Upgrades	395,200	395,200
Historical Program	300,000	300,000
State Police		
Commercial Mobile Radio System	837,000	0
Base Funding Shortfalls	3,130,000	3,822,000
Gaylord Storm Damage	197,000	197,000
Project Exile Coordinating Commission	1,500,000	1,500,000
Law Enforcement Information Projects	3,100,000	3,100,000
Central Records Division	750,000	450,000
Gun Safety Grants to Local Law Enforcement	1,000,000	1,000,000
Firearms Safety Awareness Curriculum	150,000	150,000
Strategic Fund Agency		
Core Communities Fund	50,000,000	50,000,000
Transportation		
Bus Capital	29,100,000	0
Freight Preservation and Development	600,000	0
Treasury		
Commercial Mobile Radio System	16,000,000	0
Michigan Educational Assessment Program Test Development	1,000,000	0
Special Census Revenue Sharing Payments	1,200,000	1,200,000
MEAP Administration (Fund Source Switch)	0	0
Revenue Sharing Hold-harmless Payments to Counties	322,000	0
Total Supplemental Appropriations	\$598,080,000	\$377,529,300

Table N

PUBLIC ACT 297 of 2000 FY 1999-2000 SCHOOL AID FUND SUPPLEMENTAL APPROPRIATIONS (Actual Dollars)	
Item	Appropriation
Foundation Allowance Reestimation	\$(98,332,000)
Hold Harmless Payments Reestimation	7,400,000
School Lunch Programs	(508,500)
Summer Enrichment Program	10,000,000
Special Education-Federal Funds	5,000,000
Special Education-State Funds	(12,011,100)
Intermediate School District Adjustments	389,700
Taxable Valuation Adjustments	60,000
Education Performance and Information Center	10,000,000
Golden Apple School Incentive Program	8,000,000
Teacher Technology Initiative	110,000,000
Total Supplemental Appropriations	\$39,998,100

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE
P.A. 270 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	599.5	643.5	653.5	54.0	9.0
GROSS	117,094,900	100,671,500	97,916,500	(19,178,400)	(16.4)
Less:					
Interdepartmental Grants Received	9,509,100	9,680,800	9,680,800	171,700	1.8
ADJUSTED GROSS	107,585,800	90,990,700	88,235,700	(19,350,100)	(18.0)
Less:					
Federal Funds	5,990,000	6,037,000	6,037,000	47,000	0.8
Local and Private	871,900	1,121,900	1,121,900	250,000	28.7
TOTAL STATE SPENDING	100,723,900	83,831,800	81,076,800	(19,647,100)	(19.5)
Less:					
Other State Restricted Funds	38,090,000	33,362,000	34,047,000	(4,043,000)	(10.6)
GENERAL FUND/GENERAL PURPOSE .	62,633,900	50,469,800	47,029,800	(15,604,100)	(24.9)
PAYMENTS TO LOCALS	1,400,000	3,100,000	4,500,000	3,100,000	221.4

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

1. BOVINE TUBERCULOSIS SURVEILLANCE AND ERADICATION

The supplemental contains an appropriation of \$14,500,000 Gross and GF/GP for the State's efforts to monitor and eradicate this disease in Michigan livestock and the wild white-tail deer population. The funding will support statewide surveillance and testing activities.

2. AGRICULTURE EQUINE INDUSTRY DEVELOPMENT FUND REVENUE

The supplemental contains Gross appropriations of \$1,307,300 from the Agriculture Equine Industry Development Fund for enhanced State regulatory activities, additional purse supplements, breeders' awards, and owners' awards. The additional restricted revenue is available from uncashed winning ticket revenue deposited in the Fund and from additional simulcast wagering tax revenue. Of the total, \$625,000 will fund State regulatory activities and \$682,300 will go toward various horse racing programs.

3. AGRICULTURE DEVELOPMENT INITIATIVES

The supplemental contains Gross appropriations of \$5,000,000 in restricted revenue to provide grants for agriculture development initiatives.

4. FOOD SAFETY TECHNOLOGY ENHANCEMENTS

The supplemental contains an appropriation of \$2,000,000 Gross and GF/GP for technology improvements to the State's food safety programs. The funding will support the establishment of databases, electronic information transfer, web-based information distribution, and electronic licensing. The priority of this funding is the implementation of the Food Law of 2000 (P.A. 92 of 2000), which will necessitate the updating of the Department's current food inspection program.

5. FOOD BANK

The supplemental contains an appropriation enhancement of \$250,000 Gross and GF/GP to the Food Bank Council of Michigan for the Michigan Agriculture Surplus System (MASS). MASS provides cost-sharing to agriculture producers for processing unwanted and unused products to be distributed to Michigan's food banks. With this appropriation, State support for MASS in FY 1999-2000 totals \$1,024,200 GF/GP.

B. BOVINE TUBERCULOSIS SURVEILLANCE AND ERADICATION

The FY 2000-01 budget includes funding and position authorization for annual operating costs associated with the Department's statewide efforts to monitor and eradicate bovine tuberculosis.

FTEs	29.0
Gross	3,400,000
GF/GP	3,400,000

C. CONSERVATION DISTRICTS

The FY 2000-01 budget contains a 100% increase (\$1,400,000 Gross and GF/GP) for grants to local conservation districts, bringing the total appropriation to \$2,800,000. The additional funding will ensure a base grant of \$20,000 for each district, provide competitive grants, and support increased training of district personnel. Pursuant to boilerplate (Section 605), the competitive grants will be no more than \$20,000 per district and require at least a 100% cash or in-kind local match.

Gross	1,400,000
GF/GP	1,400,000

D. MIGRANT LABOR HOUSING

The FY 2000-01 budget contains an increase of \$400,000 Gross and GF/GP for cost-share grants to agricultural producers for the construction and renovation of migrant labor housing facilities, bringing the total appropriation to \$950,000. Also, boilerplate language (Section 602) was modified to increase the maximum grant amount from \$2,000 to \$4,000 and the maximum amount an applicant can receive in any fiscal year from \$10,000 to \$16,000.

Gross	400,000
GF/GP	400,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

E. ENVIRONMENTAL TECHNOLOGY RESEARCH GRANT

Gross (1,500,000)
GF/GP (1,500,000)

The Governor and House proposed elimination of a \$1.5 million grant to the Michigan Biotechnology Institute. The funds are used to develop and implement technologies for producing environmentally safe products and biodegradable chemicals, for use in environmental cleanup, and for waste stream minimization in Michigan.

The Senate restored the current-year \$1.5 million GF/GP appropriation to the program. The Conference Committee included \$100,000 GF/GP and required a report on the projects funded. The Governor vetoed the \$100,000 appropriation and reporting requirement (Section 304) included by the Conference Committee. (See Vetoes below.)

F. ENVIRONMENTAL ASSURANCE PROGRAM

FTEs 7.0
Gross 570,000
GF/GP 570,000

Funding and position authorization are included in the FY 2000-01 budget for the development of a new voluntary program that will serve as an alternative to the Federal Environmental Protection Agency program that requires the permitting of large livestock operations. The alternative program will assist livestock producers to assess environmental and public health risks, and to develop action plans to minimize those risks.

G. INFORMATION TECHNOLOGY

Gross 500,000
GF/GP 500,000

The FY 2000-01 budget includes new funding for improving the Department's information technology. The funding will support the development of electronic, web-based licensing and complaint handling when inspections are not required, better consumer information on the Internet, geographic mapping of food safety incidents, and reduction of paper processing.

H. PROGRAM ELIMINATIONS

Gross (305,000)
GF/GP (305,000)

A number of "one-time" General Fund appropriations are eliminated, including \$20,000 that supported a State donation to a national effort to file an antidumping petition with the United States Department of Commerce against suppliers of below-cost apple juice concentrate, and \$285,000 for expanded educational programming at the Kettunen Center, which is owned and operated by the Michigan 4H Foundation, and serves as the State's 4H volunteer leadership and youth programs training center.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

I. AGRICULTURE EQUINE INDUSTRY DEVELOPMENT FUND

Gross	125,400
Restricted	125,400
GF/GP	0

The FY 2000-01 budget includes increases to various horse racing programs to reflect additional revenue to the Agriculture Equine Industry Development Fund (AEIDF). Another adjustment included in the FY 2000-01 budget is the elimination of AEIDF support for drug testing horses at county fairs.

The budget includes a new line item for the distribution of uncashed winning ticket revenue deposited in the AEIDF. New boilerplate (Section 812) specifies that this revenue will not be available for expenditure until it is deposited in the AEIDF and transferred to another line item.

The budget separates the Sire Stakes line item into separate lines for thoroughbred programs and standardbred programs.

The Governor vetoed proposed new language (Section 814) that would have redirected equal funding from the thoroughbred sire stakes line item and the thoroughbred owners' awards line item to provide a \$75,000 grant to the Michigan Thoroughbred Owners and Breeders Association. (See Vetoes below.)

J. LOCAL PUBLIC HEALTH OPERATIONS

Gross	261,500
IDG	261,500
GF/GP	0

The FY 2000-01 budget provides a 3% economic increase for the appropriation that supports local health department food service sanitation activities, bringing total grant funding for these purposes to \$8,977,500.

K. PROGRAM TRANSFER: PROJECT GREEN

Gross	(6,100,000)
GF/GP	(6,100,000)

Funding for Project GREEN is transferred to the Higher Education Budget and included in the Cooperative Extension Service and Agriculture Experiment Station allocations.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

L. FEE INCREASE: MICHIGAN FOOD LAW OF 2000

The FY 2000-01 budget contains a Gross appropriation of \$1,060,000 for implementation of the Michigan Food Law of 2000. The funding will support outreach and communication activities, staff and industry training, and enhanced laboratory analysis associated with the changes to Michigan's primary food safety program. The funding for this program was included in the Governor's revised budget recommendation and the Senate's version of the budget. The Conference Committee eliminated \$190,000 GF/GP from the original proposal.

FTEs	10.0
Gross	1,060,000
Restricted	760,000
GF/GP	300,000

Additional restricted revenue (\$760,000) is anticipated from changes to the fee schedule, which include increases and new fees. The FY 1999-2000 schedule generates approximately \$1,000,000 in license fees. The new schedule is based upon the type of activity being performed, the food safety risk, and the amount of time spent on inspections. The Michigan Food Law also provides for two new fees: a consumer food safety fee (\$3 per establishment) and a industry food safety fee (\$2 per establishment).

M. UNCLASSIFIED SALARIES

No adjustment in the unclassified salary appropriation is included in the FY 2000-01 budget.

Gross	0
GF/GP	0

N. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	1,948,400
IDG	19,700
Federal	1,100
Restricted	279,100
GF/GP	1,648,500

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

Item	Gross	GF/GP
Salaries and wages	\$832,200	\$715,000
Insurance	377,600	324,400
Retirement	775,000	665,800
Building occupancy	(180,300)	(180,300)
Other	143,900	123,600
Total	\$1,948,400	\$1,648,500

O. OTHER ISSUES

Other changes included in the budget reflect the availability of various Federal, private, and State restricted sources of financing, including recognition of increased available revenue from the Michigan and the Upper Peninsula State Fairs. Other items include: abandoned orchards (\$40,000); additional utility charges at the Geagley Laboratory resulting from recent renovations (\$124,400); additional funding for county fairs (\$309,900); additional GF/GP funding to replace current-year restricted funding for drug testing horses at fairs (\$50,000); and additional funding for the agriculture export grant program (\$100,000).

FTEs	8.0
Gross	(20,938,700)
IDG	(109,500)
Federal	45,900
Private	250,000
Restricted	(5,207,500)
GF/GP	(15,917,600)

The Conference Committee increased the current-year Michigan Festivals appropriation by \$30,000 bringing the total to \$80,000. The Governor vetoed the entire appropriation, representing a reduction from current-year funding of \$50,000. (See Vetoes below.)

Other adjustments include the elimination of the one-time funding items included in FY 1999-2000 mid-year contingency fund transfers and the appropriations contained in the supplemental (bovine tuberculosis program (\$14,500,000), agriculture development initiatives (\$5,000,000), and food safety program technology enhancements (\$2,000,000)). These appropriations were intended to be one-time in nature and therefore are not included in the FY 2000-01 budget.

P. VETOES

1. ENVIRONMENTAL TECHNOLOGY RESEARCH GRANT

The Governor vetoed the \$100,000 Gross and GF/GP appropriation for an environmental technology research grant to the Michigan Biotechnology Institute and the associated language (Section 304). When the Governor signed the FY 1999-2000 budget, he indicated that it would be the last year for operating support for the Institute. (See Item E above.)

2. WETLANDS DEMONSTRATION PROJECT

The Governor vetoed Section 606, which appropriated \$100,000 Gross and GF/GP to provide a grant to Ottawa County for a wetlands demonstration project. The project is intended to treat wastewater from swine farms. The Governor indicated that representatives from Michigan State University, the Department of Natural Resources, and the Natural Resources Conservation Service have questioned the efficacy of the proposed technology to be used in the treatment process.

3. MICHIGAN INTEGRATED FOOD AND FARMING SYSTEMS

The Governor vetoed the \$50,000 Gross and GF/GP appropriation for a grant to the Michigan Integrated Food and Farming Systems and the associated language (Section 706).

4. MICHIGAN FESTIVALS

The Conference Committee included additional GF/GP funding for the Michigan Festivals and Events Association grant (\$20,000), bringing the total to \$70,000. The Conference Committee also included, within the Michigan festivals appropriation, a \$10,000 equine demonstration grant for the Iron County rodeo.

The Governor vetoed the entire \$80,000 Gross and GF/GP appropriation line item to Michigan festivals and the associated language (Section 811). This represents a \$50,000 reduction from the current-year appropriation level. In his veto message, the Governor indicated that there is no documented need for an increase in the Michigan festivals grant and that he would direct the Michigan Travel Bureau to work with the Department of Agriculture to integrate festival promotion into its ongoing tourism activities.

5. MICHIGAN THOROUGHBRED OWNERS AND BREEDERS ASSOCIATION

The Governor vetoed Section 814, which redirected an equal amount of funding from the thoroughbred sire stakes line item and the thoroughbred owners' award line item to provide a \$75,000 grant to the Michigan Thoroughbred Owners and Breeders Association. (See item I above.) The funding would have been used for promotion, marketing, data and award management, and other administrative functions. In his veto message, the Governor indicated that such associations should receive operating assistance from membership dues and fund-raising efforts, not from limited State revenues.

**DEPARTMENT OF ATTORNEY GENERAL
P.A. 276 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	569.0	586.0	595.0	26.0	4.6
GROSS	56,464,200	60,686,700	61,393,500	4,929,300	8.7
Less:					
Interdepartmental Grants Received	9,237,100	10,018,900	9,473,700	236,600	2.6
ADJUSTED GROSS	47,227,100	50,667,800	51,919,800	4,692,700	9.9
Less:					
Federal Funds	7,183,300	6,816,000	7,124,800	(58,500)	(0.8)
Local and Private	1,106,800	1,149,200	1,149,200	42,400	3.8
TOTAL STATE SPENDING	38,937,000	42,702,600	43,645,800	4,708,800	12.1
Less:					
Other State Restricted Funds	6,858,200	7,534,500	8,374,800	1,516,600	22.1
GENERAL FUND/GENERAL PURPOSE	32,078,800	35,168,100	35,271,000	3,192,200	10.0
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

A. TECHNOLOGY IMPROVEMENTS

Gross	921,400
GF/GP	921,400

Public Act 69 of 1999 (FY 1998-99 supplemental) included \$2,300,000 to fund technology improvements for the Department of Attorney General. The funding was used for network software, increased computer speed, workstation upgrades, network fax capabilities, desktop scanners, printers, and other improvements. The budget includes funding to cover ongoing costs related to technology enhancements funded by the supplemental. The funding will be used for standard e-mail and software, legal research, cellular phone service, voice mail, servers, and additional laptop and desktop computers.

B. CHILD ABUSE AND NEGLECT CASES

FTE	10.0
Gross	767,200
IDG	767,200
GF/GP	0

The Department of Attorney General provides legal representation to the Wayne County Office of the Family Independence Agency (FIA) in child abuse and neglect cases. The FY 1999-2000 budget for the division that handles these cases included 15.0 FTE positions and \$1,691,500. Due to the rising caseload related to appeals, court hearings, and permanent custody petitions, the FY 2000-01 budget includes funding for seven additional attorneys and three additional secretaries. The positions are funded by an interdepartmental grant (IDG) from the FIA. However, funding in the FIA budget for this program is supported by approximately 50/50 Federal and State General Fund dollars.

C. SOUTHEASTERN MICHIGAN MONEY LAUNDERING - FINANCIAL CRIMES UNIT

FTE	3.0
Gross	531,100
Federal	265,600
GF/GP	265,500

Public Act 137 of 1999 included FY 1998-99 supplemental funding for the Southeastern Michigan Office of the Financial Crimes Unit. Federal approval of the Byrne Grant funding for this Unit was not finalized until the beginning of FY 1999-2000; therefore, the appropriation was carried forward into FY 1999-2000. The Unit investigates and prosecutes sophisticated financial crimes and also provides assistance and training to local law enforcement agencies. The Southeastern Michigan Unit covers the following counties: Wayne, Oakland, Macomb, Monroe, and Washtenaw.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

D. ENVIRONMENTAL COST RECOVERY CASES

The Department of Attorney General provides legal services to the Department of Environmental Quality. Pursuant to statute, costs of environmental response actions are the responsibility of those defined as liable. Due to an increasing workload, the budget includes funding for additional legal staff. The cost of this adjustment is partially offset by reductions to the Department of Natural Resources Division noted under item J.

FTE	8.0
Gross	610,000
Restricted	610,000
GF/GP	0

E. HEALTH REGULATORY FUND

The Department's current budget includes 10.0 positions and \$907,700 associated with legal services related to licensing issues of health care professionals. The costs are funded by an IDG from the Department of Consumer and Industry Services. The FY 2000-01 budget includes funding for an additional attorney and clerical position due to workload increases.

FTE	2.0
Gross	175,300
IDG	175,300
GF/GP	0

F. HEALTH CARE FRAUD

This division included 39.0 FTE positions in FY 1999-2000. The FY 2000-01 budget includes additional positions based on workload increases. From 1997 to 1999 fraud complaints increased by 56.2%, from 655 to 1,023. During the same time period, abuse and neglect complaints increased by 9.9%, from 1,760 to 1,935.

FTE	4.0
Gross	411,700
Federal	308,800
GF/GP	102,900

G. BOVINE TUBERCULOSIS LITIGATION

The budget includes additional support for legal services for bovine tuberculosis litigation contingent upon caseload requirements of the Department of Agriculture.

FTE	3.0
Gross	295,100
IDG	295,100
GF/GP	0

H. UNCLASSIFIED SALARIES

The budget for the line item that funds 5.0 FTE unclassified positions includes a 3.0% increase, from \$444,500 to \$457,800.

Gross	13,300
GF/GP	13,300

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	2,891,900
IDG	389,600
Federal	274,000
Private	42,400
Restricted	296,800
GF/GP	1,889,100

Item	Gross	GF/GP
Salaries	\$940,900	\$545,300
Insurance	431,900	217,900
Retirement (defined benefit)	722,200	446,800
Retirement (defined contribution)	273,100	155,300
Workers' compensation	2,900	2,900
Building occupancy charges	520,900	520,900
Total	\$2,891,900	\$1,889,100

J. OTHER ISSUES

The budget also includes reductions of 4.0 FTEs/\$355,800 to funding sources for the Department of Natural Resources Division related to actual workload, a funding shift of \$2,580,400 from the Michigan Transportation Fund to the State Trunkline Fund and Comprehensive Transportation Fund, reclassification of \$840,300 in Liquor Purchase Revolving Fund revenue from an interdepartmental grant to State Restricted, and a reduction of \$1,331,900 related to FY 1999-2000 contingency fund transfers.

FTE	(4.0)
Gross	(1,687,700)
IDG	(1,390,600)
Federal	(906,900)
Restricted	609,800
GF/GP	0

CAPITAL OUTLAY
P.A. 265 of 1999

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	593,845,600	471,994,800	471,994,800	(121,850,800)	(20.5)
Less:					
Interdepartmental Grants Received	5,500,000	7,000,000	7,000,000	1,500,000	27.3
ADJUSTED GROSS	588,345,600	464,994,800	464,994,800	(123,350,800)	(21.0)
Less:					
Federal Funds	91,087,800	99,361,000	99,361,000	8,273,200	9.1
Local and Private	12,871,000	17,372,000	17,372,000	4,501,000	35.0
TOTAL STATE SPENDING	484,386,800	348,261,800	348,261,800	(136,125,000)	(28.1)
Less:					
Other State Restricted Funds	85,151,500	35,447,200	35,447,200	(49,704,300)	(58.4)
GENERAL FUND/GENERAL PURPOSE .	399,235,300	312,814,600	312,814,600	(86,420,700)	(21.6)
PAYMENTS TO LOCALS	63,473,263	28,770,000	28,770,000	(34,703,263)	(54.7)

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

In FY 1999-2000 supplemental appropriations for capital outlay of \$151.9 million in Gross spending authorization for a number of one-time projects included:

- a. Detroit Zoological Park \$10,000,000
- b. Department of State Police - Niles Public Safety Complex \$6,500,000
- c. Department of Natural Resources - Emergency Harbor Dredging \$14,000,000
- d. Southwestern Michigan Innovations Center \$5,000,000

In addition, planning authorizations were approved for the following projects:

- a. Northern Michigan University-east campus facilities renovations-for program and planning to be paid for from university revenues \$100
- b. Kellogg Community College-west Michigan center/manufacturing research-for program and planning to be paid for from college revenues \$100
- c. Monroe Community College-performing arts and education building-for program and planning to be paid for from college revenues \$100
- d. Montcalm Community College-Greenville technology and learning center-for program and planning to be paid for from college revenues \$100
- e. St. Clair Community College-general campus renovations-for program and planning to be paid for from college revenues \$100

Finally, construction authorizations were approved for the projects listed below:

- a. Department of Agriculture-animal health diagnostic laboratory-authorized for planning in P.A. 265 of 1999-for final design and construction (total authorized cost \$45,000,00; State Building Authority share \$44,999,900; State General Fund share \$100) \$100
- b. Department of State Police-public safety communications system-authorized for final design and construction under P.A. 128 of 1995 (total authorized cost increased from \$205,857,200 to \$234,157,200; State Building Authority share remains \$184,426,000; State General Fund share increased from \$21,431,200 to \$49,731,200) \$28,300,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

- c. Alpena Community College-concrete technology center-authorized for final design and construction under P.A. 321 of 1996 (total authorized cost increased from \$6,720,000 to \$7,127,700; State Building Authority share remains \$3,359,900; Alpena Community College share remains \$3,360,000; State General Fund share increased from \$100 to \$407,800). .
..... \$407,700
- d. Central Michigan University-health professions building-authorized for planning in P.A. 515 of 1998-for final design and construction (total authorized cost \$50,000,000; State Building Authority share \$37,499,800; Central Michigan University share \$12,500,000; State General Fund share \$200) \$100
- e. Grand Valley State University-health professions building-authorized for planning in P.A. 265 of 1999-for final design and construction (total authorized cost \$53,000,000; State Building Authority share \$37,099,800; Grand Valley State University share \$15,900,000; State General Fund share \$200) \$100
- f. Gogebic Community College-general campus renovations-authorized for planning in P.A. 265 of 1999-for final design and construction (total authorized \$1,400,000; State Building Authority share \$699,800; state lump sum planning account \$700,000; State General Fund share \$200) \$100
- g. Lake Superior State University-arts classroom building-authorized for planning in P.A. 538 of 1998-for final design and construction (total authorized cost \$15,300,000; State Building Authority share \$7,999,800; Lake Superior State University share \$7,300,000; State General Fund share \$200) \$100
- h. Wayne State University-welcome center-authorized for planning in P.A. 538 of 1998-for final design and construction (total authorized cost \$18,500,000; State Building Authority share \$13,874,800; Wayne State University share \$4,625,000; State General Fund share \$200) \$100

B. FY 2000-01 APPROPRIATIONS

As part of the negotiations for finalizing FY 1999-2000 capital outlay appropriations, an agreement was reached between legislative leadership and the Governor to enact a two-year capital outlay bill. Consequently, Public Act 265 of 1999 was signed into law on December 29, 1999, containing appropriations for capital outlay for both fiscal years 1999-2000 and 2000-01. No new construction or planning projects were included in the FY 2000-01 recommendation. The major components of the FY 2000-01 appropriation are described below.

C. STATE AGENCY SPECIAL MAINTENANCE

The Legislature provided \$25,000,000 for State agency special maintenance projects including \$9,000,000 for the Department of Corrections, \$7,000,000 for unspecified State agency projects, \$3,000,000 for the Department of Management and Budget, and \$2,500,000 for the Department of Community Health.

Gross	1,922,900
Restricted	(500,000)
GF/GP	2,422,900

D. DEPARTMENT OF MILITARY AFFAIRS

The appropriation includes \$2,750,200 for armory maintenance projects and \$4,500,000 for a new Midland maintenance shop.

Gross	1,142,000
Restricted	2,121,200
GF/GP	(979,200)

E. DEPARTMENT OF NATURAL RESOURCES

The Legislature provided \$23,192,200 for a number of maintenance and construction projects at State Parks, State harbors and docks, and boating access sites.

Gross	(10,077,900)
Restricted	(10,077,900)
GF/GP	0

F. AIRPORT IMPROVEMENT PROJECTS

The appropriation includes \$129,648,000 for a number of airport improvement projects Statewide including \$11,300,000 for continuation of the Northwest Airlines Midfield terminal project at Detroit Metro Airport, and \$5,000,000 for projects at Detroit Willow Run airport.

Gross	14,808,000
Restricted	8,408,000
GF/GP	6,400,000

G. DEPARTMENT OF TRANSPORTATION

The Legislature provided \$9,970,000 for routine maintenance and construction projects for repair, maintenance, and storage facilities operated by the Department of Transportation.

Gross	(1,980,000)
Restricted	(1,980,000)
GF/GP	0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

H. STATE BUILDING AUTHORITY RENT

The appropriation includes \$276,934,600 for rent payments to the State Building Authority to be used to make debt service payments for past building projects for State agencies, colleges, and universities.

Gross	24,297,700
Restricted	(2,750,000)
GF/GP	27,047,700

I. OTHER ISSUES

The other adjustments include the elimination of several one-time items contained in Public Act 291 of 2000, the FY 1999-2000 supplemental appropriation bill (item A). These items were generally considered to be one-time appropriations and are therefore not included in the FY 2000-01 budget. In addition, since the FY 2000-01 budget includes no new planning authorizations, a one-time reduction of \$1,600 for the 16 approved projects also was made.

Gross	(151,963,500)
Restricted	(30,651,400)
GF/GP	(121,312,100)

DEPARTMENT OF CAREER DEVELOPMENT
P.A. 292 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,066.0	1,139.0	1,139.0	73.0	6.8
GROSS	548,404,700	521,954,400	523,454,400	(24,950,300)	(4.5)
Less:					
Interdepartmental Grants Received	1,047,000	1,048,000	1,048,000	1,000	0.1
ADJUSTED GROSS	547,357,700	520,906,400	522,406,400	(24,951,300)	(4.6)
Less:					
Federal Funds	408,323,300	468,818,800	468,818,800	60,495,500	14.8
Local and Private	17,474,900	17,633,200	17,633,200	158,300	0.9
TOTAL STATE SPENDING	121,559,500	34,454,400	35,954,400	(85,605,100)	(70.4)
Less:					
Other State Restricted Funds	79,920,300	10,495,800	10,495,800	(69,424,500)	(86.9)
GENERAL FUND/GENERAL PURPOSE	41,639,200	23,958,600	25,458,600	(16,180,600)	(38.9)
PAYMENTS TO LOCALS	75,000,000	0	0	(75,000,000)	(100.0)

**A. FY 1999-2000 SUPPLEMENTAL APPROPRIATION
PUBLIC ACT 291 OF 2000**

1. Focus Hope

The supplemental includes \$10,500,000 additional GF/GP funding for this line item. Funding will be used for infrastructure improvements, program development, and paying off an accrued debt.

2. Community Service Alliance

The supplemental includes a \$10,000,000 GF supplemental appropriation for the Michigan Community Service Commission to establish this Alliance. The program will work to develop endowments for local volunteer organizations.

3. Welfare to Work

The supplemental includes \$8,000,000 in additional TANF funding for a summer youth employment program. Funding will be distributed to the Work Force Development Boards where local grants will be determined.

B. CENTERS FOR INDEPENDENT LIVING

Gross	750,000
GF/GP	750,000

The budget includes a GF/GP increase for this grant program which provides funding to the Centers for Independent Living for advocacy assistance and information referral for disabled individuals to live independently. This brings the Gross appropriation to \$3,115,700 of which \$2,145,500 is funded with GF/GP dollars.

C. PERSONAL ASSISTANCE SERVICES

Gross	50,000
GF/GP	50,000

The budget includes a GF/GP increase for this line item. This funding is granted to disabled individuals to help offset the cost of salary and wages of an assistant who helps with the activities of daily living.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

D. ONE-STOP SERVICE CENTERS

Gross	1,200,000
GF/GP	1,200,000

The budget includes a GF/GP increase in the Job Training Program Subgrantees line item to assist the one-stop centers in covering administrative costs. These centers are located throughout the State and house all of the State and Federal job training programs including vocational rehabilitation. Because Federal sources have to be tied directly to servicing a specific population, the allowable amount available for administration was difficult to determine in the one-stop environment. This increase will fill the funding gap created by the various program restrictions.

E. MICHIGAN COMMUNITY SERVICE COMMISSION

FTE	3.0
Gross	434,000
GF/GP	434,000

The budget includes a GF/GP increase in this line to fund three new positions and an increase in rent.

F. PROGRAM TRANSFERS

1. Adult Education

FTE	64.0
Gross	68,207,600
Federal	66,371,600
Restricted	100,000
Private	268,300
GF/GP	1,467,700

Executive Order (E.O.) 1999-12 transferred the administration of the adult, technical, and vocational education programs from the Department of Education to the Department of Career Development

2. Economic Development Job Training Administration Staff

FTE	6.0
Gross	530,000
Federal	530,000
GF/GP	0

The budget includes transferring back the Employment Service Agency staff who were located in the Strategic Fund Agency, pursuant to E.O. 1999-1, to provide administrative support to the Economic Development Job Training Grant Program. Recommended changes in the program no longer require these additional positions.

G. UNCLASSIFIED SALARIES

Gross	10,700
GF/GP	10,700

The budget includes a 2% increase for the unclassified salaries line item, from \$536,200 to \$546,900.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

H. ECONOMIC ADJUSTMENTS

Standard economic adjustments were applied for salaries and wages, total retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	2,779,600
Federal	1,950,600
Restricted	63,200
Local Private	140,000
IDG	1,000
GF/GP	624,800

Item	Gross	GF/GP
Salaries and Wages	\$1,119,200	\$152,100
Insurance	507,800	70,800
Retirement	795,000	95,800
Other	357,600	306,100
Total	\$2,779,600	\$624,800

I. TOBACCO SETTLEMENT

1. Council of Michigan Foundations

The budget includes grant funding for the Council of Michigan Foundations; the funding then will be distributed to local councils to address youth and senior needs.

Gross	6,000,000
Restricted	6,000,000
GF/GP	0

2. Michigan Technical Education Centers

The one-time funding for Michigan technical education centers is not included in FY 2000-01.

Gross	(75,000,000)
Restricted	(75,000,000)
GF/GP	0

J. OTHER ISSUES

1. The budget includes technical adjustments to account for various funding changes in Federal, restricted, and local fund sources.

Gross	(1,412,200)
Federal	(356,700)
Restricted	(587,700)
Local/Private	(250,000)
GF/GP	(217,800)

2. Funding for Focus Hope, Community Service Alliance, and the Summer Youth Welfare to Work Program was not included in the FY 2000-01 budget.

Gross	(28,500,000)
Federal	(8,000,000)
GF/GP	(20,500,000)

DEPARTMENT OF CIVIL RIGHTS
P.A. 276 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	181.5	166.5	166.5	(15.0)	(8.3)
GROSS	15,623,300	15,272,500	15,272,500	(350,800)	(2.2)
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	15,623,300	15,272,500	15,272,500	(350,800)	(2.2)
Less:					
Federal Funds	884,000	934,000	934,000	50,000	5.7
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	14,739,300	14,338,500	14,338,500	(400,800)	(2.7)
Less:					
Other State Restricted Funds	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	14,739,300	14,338,500	14,338,500	(400,800)	(2.7)
PAYMENTS TO LOCALS	0	0	0	0	0.0

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

1. Replacement of Federal EEOC Funds

The newly designed case resolution system does not meet the Federal definition of "qualifying" cases, resulting in a loss of Federal Equal Employment Opportunity Commission (EEOC) funding. The supplemental included a funding shift of \$750,000 from Federal to GF/GP funds.

2. Staffing Replacement Plan

The Department will have many employees retiring over the next few years. Supplemental funding of \$1,000,000 and 15.0 FTEs will allow the Department to hire new employees for training with the current employees before their retirement.

B. REPLACEMENT OF EEOC FUNDS

The budget includes a funding shift due to a reduction of Federal EEOC funding as a result of lowered caseload backlog. The Department does not qualify for the same level of Federal funding because many of the cases and complaints it handles no longer meet the Federal definition of "qualifying" cases.

Gross	0
Federal	50,000
GF/GP	(50,000)

C. UNCLASSIFIED SALARIES

The budget increases the line item that funds 5.0 unclassified positions by 12.4%, from \$331,100 to \$371,100.

Gross	41,000
GF/GP	41,000

D. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	608,200
GF/GP	608,200

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

Item	Gross	GF/GP
Salaries	\$214,500	\$214,500
Insurance	109,300	109,300
Retirement	224,400	224,400
Workers' compensation	1,000	1,000
Building occupancy	59,000	59,000
Total	\$608,200	\$608,200

E. OTHER ISSUES

The budget reflects the reduction of the one-time funding for the Staffing Replacement Plan included in FY 1999-2000 supplemental appropriations.

FTE	(15.0)
Gross	(1,000,000)
GF/GP	(1,000,000)

DEPARTMENT OF CIVIL SERVICE
P.A. 276 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	230.5	230.5	230.5	0.0	0.0
GROSS	30,785,500	30,405,600	30,405,600	(379,900)	(1.2)
Less:					
Interdepartmental Grants Received	3,300,000	3,300,000	3,300,000	0	0.0
ADJUSTED GROSS	27,485,500	27,105,600	27,105,600	(379,900)	(1.4)
Less:					
Federal Funds	4,779,100	4,779,100	4,779,100	0	0.0
Local and Private	1,850,000	1,850,000	1,850,000	0	0.0
TOTAL STATE SPENDING	20,856,400	20,476,500	20,476,500	(379,900)	(1.8)
Less:					
Other State Restricted Funds	8,859,200	9,257,600	9,257,600	398,400	4.5
GENERAL FUND/GENERAL PURPOSE .	11,997,200	11,218,900	11,218,900	(778,300)	(6.5)
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

Human Resource Management Network (HRMN) Project

The supplemental includes a \$1,200,000 appropriation for continued implementation of HRMN. This funding is in place of interdepartmental transfers for fees incurred by other departments.

B. TRAINING REVENUES

The budget includes an increase to reflect the additional training revenues that Civil Service will receive from other departments.

Gross	1,000,000
IDG	1,000,000
GF/GP	0

C. DATA SERVICES REVENUE

The budget eliminates this revenue source since the Department no longer performs this function. This source of revenue was collected from institutions (e.g., universities) for which Civil Service provided copying services.

Gross	(8,100)
Restricted	(8,100)
GF/GP	0

D. STATE OFFICERS COMPENSATION COMMISSION (SOCC) ETHICS BOARD

The budget provides an increase for this item so that the Department can pay for newspaper public meeting announcements and for rental of the rooms used for the meetings.

Gross	15,000
GF/GP	15,000

E. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	813,200
Restricted	406,500
GF/GP	406,700

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

Item	Gross	GF/GP
Salaries	\$301,600	\$150,800
Insurance	146,300	73,200
Retirement	277,600	138,800
Workers' compensation	22,500	11,300
Building occupancy	65,200	32,600
Total	\$813,200	\$406,700

F. OTHER ISSUES

The budget reflects the reduction of one-time costs included in the FY 1999-2000 supplemental appropriations and transfers.

Gross	(2,200,000)
IDG	(1,000,000)
GF/GP	(1,200,000)

COMMUNITY COLLEGES
P.A. 272 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	297,228,019	316,198,478	325,011,719	27,783,700	9.3
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	297,228,019	316,198,478	325,011,719	27,783,700	9.3
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	297,228,019	316,198,478	325,011,719	27,783,700	9.3
Less:					
Other State Restricted Funds	0	10,000,000	10,000,000	10,000,000	---
GENERAL FUND/GENERAL PURPOSE	297,228,019	306,198,478	315,011,719	17,783,700	6.0
PAYMENTS TO LOCALS	297,228,019	316,198,478	315,011,719	17,783,700	6.0

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

The Legislature appropriated FY 1999-2000 supplemental funding for community colleges totaling \$8,798,250 (3% of FY 1999-2000 base appropriations) for infrastructure, technology, equipment, and maintenance, also known as ITEM funds. The distribution to each college is outlined in Table 1.

B. APPROPRIATIONS

1. Operations

Gross	17,611,490
GF/GP	17,611,490

The Governor recommended a \$8,798,250 or 3.0% base funding increase for community college operations. This was distributed as 1.5% across-the-board to each college and 1.5% according to the Gast-Mathieu fairness in funding formula. The Senate-passed budget provided a \$15,850,561 or 5.4% increase for college operations distributed as 3.0% across-the-board and 2.4% through the formula. The House adopted the Senate distribution yet added \$100 for each of the 28 colleges. The Conference Committee accepted the legislative leadership target agreement increase of 6.0% and distributed the increase as 3.5% across-the-board, and 2.5% by the formula. The distribution of FY 2000-01 operating funds for each college is detailed in Table 2.

2. Tuition Restraint Incentive Grant Program

Gross	0
GF/GP	0

Pursuant to legislative intent language in the FY 1999-2000 appropriations bill, the Governor recommended a 1.5% reduction for each community college that raised tuition for the 1999-2000 school year by more than 3.0%. Three colleges raised tuition by more than 3.0%: Gogebic Community College, Monroe County Community College, and Wayne County Community College. These funds (totaling \$369,285) were then redistributed to all other community colleges through the Gast-Mathieu funding formula. The Senate and House eliminated the tuition restraint proposal and the 1.5% reduction made by the Governor.

		FY 2000-01 Change from FY 1999-2000 <u>Year-to-Date</u>
3. Renaissance Zones/Tax Increment Finance Authority Reimbursements	Gross	114,673
	GF/GP	114,673
<p>The Senate concurred with the Governor's recommendation to provide \$433,131 (an increase of \$64,673) to reimburse community colleges for property tax revenue loss, as required by law, due to the establishment of a renaissance zone in a college's district. The House added \$50,000 to the line item also to partially offset estimated losses to community colleges as a result of reduced property tax revenue from the establishment of Tax increment finance authorities (TIFAs). The Conference Committee accepted the \$50,000 and required that the money be distributed to colleges for assisting the Department of Treasury with efforts to collect data from local units of government. The Governor vetoed the \$50,000 and corresponding boilerplate. (See item C.)</p>		
4. At Risk Student Success Program	Gross	107,537
	GF/GP	107,537
<p>This program is designed to address the needs of students who test at a level indicating that they will have difficulty achieving academic success at the postsecondary level. The House and Senate concurred in the Governor's recommendation to provide a 3.0% increase in program funding with funds distributed based on the existing program formula. The distribution of these funds to each college is detailed in <u>Table 1</u>.</p>		
5. Postsecondary Access Student Scholarship (PASS)	Gross	10,000,000
	Restricted	10,000,000
	GF/GP	0
<p>The Governor recommended a new program to implement proposals made by the Michigan Commission on Financing Postsecondary Education. The program essentially will provide free college tuition for eligible participants by financing the difference between tuition and all other scholarships and grants for qualifying students. The program will be financed from the Tobacco Settlement Trust Fund. The Senate and House adopted the recommendation, yet expanded the program from full-time to include part-time students also, added program reporting requirements, and made a number of other technical changes to the program. A summary of the major program components is listed in <u>Table 3</u>.</p>		

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. VETOES

The Governor vetoed boilerplate Section 219 which required the Department of Treasury to determine revenue losses to community colleges as the result of TIFAs. This section also set aside \$50,000 for community colleges to assist Treasury in data collection efforts.

Gross	(50,000)
GF/GP	(50,000)

Table 1

College	FY 1999-2000 Supplemental ITEM Distribution	FY 2000-01 At-Risk Distribution
Alpena	\$228,230	\$121,725
Bay de Noc	178,179	105,324
Delta	415,337	110,504
Glen Oaks	138,689	131,210
Gogebic	162,470	78,617
Grand Rapids	476,445	76,714
Henry Ford	427,944	168,324
Jackson	293,954	114,933
Kalamazoo Valley	292,030	118,490
Kellogg	287,729	157,285
Kirtland	143,847	145,724
Lake Michigan	270,040	194,902
Lansing	523,824	134,738
Macomb	672,423	90,272
Mid Michigan	166,853	123,549
Monroe	212,678	102,673
Montcalm	151,742	70,131
Mott	406,398	105,617
Muskegon	207,754	212,002
North Central	152,477	178,833
Northwestern	389,093	120,835
Oakland	793,048	164,112
St. Clair	247,268	77,130
Schoolcraft	305,919	148,852
Southwestern	215,606	186,227
Washtenaw	370,481	148,858
Wayne County	508,175	158,329
West Shore	159,618	146,193
Total	\$8,798,250	\$3,692,103

Table 2

FY 2000-2001 Community College Funding Recommendations										
		Senate Recommendation			House Recommendation			Enacted		
College	FY 1999-2000 Appropriations	Appropriation	Increase		Appropriation	Increase		Appropriation	Increase	
			Dollar	Percent		Dollar	Percent		Dollar	Percent
Alpena	\$4,888,284	\$5,200,693	\$312,409	6.39%	\$5,200,793	\$ 312,509	6.39%	\$5,231,386	\$343,102	7.02%
Bay de Noc	4,632,634	5,002,251	369,616	7.98%	5,002,351	369,716	7.98%	5,034,112	401,478	8.67%
Delta	13,833,091	14,528,515	695,424	5.03%	14,528,615	695,524	5.03%	14,608,257	775,165	5.60%
Glen Oaks	2,202,658	2,417,525	214,867	9.75%	2,417,625	214,967	9.76%	2,434,150	231,492	10.51%
Gogebic	4,133,732	4,293,830	160,098	3.87%	4,293,930	160,198	3.88%	4,315,860	182,128	4.41%
Grand Rapids	17,825,016	18,359,766	534,750	3.00%	18,359,866	534,850	3.00%	18,448,891	623,876	3.50%
Henry Ford	20,840,833	22,165,487	1,324,654	6.36%	22,165,587	1,324,754	6.36%	22,296,069	1,455,237	6.98%
Jackson	11,976,753	12,373,453	396,700	3.31%	12,373,553	396,800	3.31%	12,434,747	457,995	3.82%
Kalamazoo Valley	11,379,143	12,469,539	1,090,397	9.58%	12,469,639	1,090,497	9.58%	12,554,684	1,175,542	10.33%
Kellogg	9,107,407	9,820,945	713,537	7.83%	9,821,045	713,637	7.84%	9,883,088	775,681	8.52%
Kirtland	2,921,692	3,009,342	87,651	3.00%	3,009,442	87,751	3.00%	3,023,951	102,259	3.50%
Lake Michigan	4,891,111	5,288,177	397,066	8.12%	5,288,277	397,166	8.12%	5,322,074	430,963	8.81%
Lansing	29,830,816	31,508,013	1,677,197	5.62%	31,508,113	1,677,297	5.62%	31,686,670	1,855,854	6.22%
Macomb	32,525,228	33,812,200	1,286,972	3.96%	33,812,300	1,287,072	3.96%	33,986,564	1,461,336	4.49%
Mid Michigan	4,121,108	4,472,546	351,438	8.53%	4,472,646	351,538	8.53%	4,501,743	380,636	9.24%
Monroe	4,008,744	4,350,252	341,508	8.52%	4,350,352	341,608	8.52%	4,378,640	369,896	9.23%
Montcalm	3,035,945	3,172,195	136,251	4.49%	3,172,295	136,351	4.49%	3,189,079	153,134	5.04%
Mott	15,239,321	15,966,872	727,551	4.77%	15,966,972	727,651	4.77%	16,053,265	813,944	5.34%
Muskegon	8,672,227	9,094,304	422,076	4.87%	9,094,404	422,176	4.87%	9,143,771	471,544	5.44%
North Central	2,925,285	3,082,488	157,203	5.37%	3,082,588	157,303	5.38%	3,099,734	174,448	5.96%
Northwestern	8,641,489	9,251,343	609,854	7.06%	9,251,443	609,954	7.06%	9,307,774	666,285	7.71%
Oakland	20,747,107	21,369,520	622,413	3.00%	21,369,620	622,513	3.00%	21,473,255	726,149	3.50%
St. Clair	6,804,650	7,137,689	333,039	4.89%	7,137,789	333,139	4.90%	7,176,573	371,923	5.47%
Schoolcraft	11,786,439	12,481,892	695,453	5.90%	12,481,992	695,553	5.90%	12,553,717	767,278	6.51%
Southwestern	6,028,283	6,630,508	602,225	9.99%	6,630,608	602,325	9.99%	6,705,122	676,839	11.23%
Washtenaw	11,563,090	12,560,626	997,536	8.63%	12,560,726	997,636	8.63%	12,642,980	1,079,890	9.34%
Wayne County	16,476,511	16,970,807	494,295	3.00%	16,970,907	494,395	3.00%	17,053,189	576,678	3.50%
West Shore	2,236,399	2,334,778	98,379	4.40%	2,334,878	98,479	4.40%	2,347,140	110,741	4.95%
Total	\$293,274,995	\$309,125,555	\$15,850,561	5.40%	\$309,128,355	\$15,853,361	5.41%	\$310,886,485	\$17,611,490	6.01%

Table 3

Postsecondary Access Student Scholarship (PASS) Highlights of Major Components			
<p>The Michigan Commission on Financing Postsecondary Education recommended a new scholarship program entitled Postsecondary Access Student Scholarship (PASS) that will provide the difference between the cost of tuition and all other financial aid available to qualifying students. The table below describes major program components and highlights differences between the Executive, Senate, and House recommendations, and the version adopted by the Conference Committee.</p>			
Executive	Senate	House	Conference
Open to Michigan residents seeking an associates degree at a public college, university, or nonprofit independent college that offers associate degrees.	Same	States public university to include, but not be limited to, Ferris, Northern, and Lake State.	Removes specific reference from House version.
Full-time students taking at least 12 credits.	At least half-time	At least half-time.	At least half-time. Limited to 2 semesters or 3 terms in any academic year.
May not be claimed for more than 2 years.	Same	Same	The equivalent of 2 years of full-time enrollment.
Full benefit for those under 22 years of age, up to \$500 if over 22 and in second year of college.	Same	Same	Same
Must have received qualifying results on the MEAP test (or satisfactory completion of first year of college).	Same	Same	Defines “qualifying” as at level 1 or level 2.
A student's or student's family's adjusted gross income may not exceed \$40,000.	Same	Same	Must be eligible for PELL grant (looks at factors other than just income).
Covers current in-district community college tuition and mandatory fees for those living within a college district.	Same	Same	Same
Out-of-district fees for those living outside a college district.	Same	Same	Same

Executive	Senate	House	Conference
Lower level resident tuition for those attending a 4-year school.	Same	Same	Same
The maximum independent college payment would be based on average in-district public community college tuition and fees.	Average lower-level university tuition.	Average lower-level university tuition.	Average lower-level university tuition.
The Michigan Higher Education Assistance Authority (MHEAA) will administer program.	Same	Same	MHEAA calculates allowable award after subtracting other State and Federal financial assistance; requires Treasury to prepare imputed HOPE credit amount.
The educational institution must bill the PASS program directly for remaining tuition costs once all other available financial aid is claimed.	Same	Same	The MHEAA remits PASS award to institution; award may be used for "attendance costs" as determined by the MHEAA.
May not be used for theology or divinity courses.	Same	Same	Same
Program costs estimated to be \$18 million once fully implemented, financed from the Tobacco Settlement Trust Fund.	Same, \$10.0 million appropriated	Same, \$10.0 million appropriated	Same, \$10.0 million appropriated
	Excludes Tuition Incentive Program (TIP) students.	Excludes Tuition Incentive Program (TIP) students.	Excludes Tuition Incentive Program (TIP) students.
	Legislative intent to continue to monitor program.	Legislative intent to continue to monitor program.	
		Requires Higher Education Assistance Authority to forward program guidelines to Legislature.	

Executive	Senate	House	Conference
			Report on number of awards given by college, amount of each award, impact of eliminating age restrictions, and impact of raising income limits.

DEPARTMENT OF COMMUNITY HEALTH
P.A. 296 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	6,130.3	6,258.1	6,258.1	127.8	2.1
GROSS	8,222,816,900	8,397,586,600	8,564,377,900	341,561,000	4.2
Less:					
Interdepartmental Grants Received	69,609,900	72,087,300	72,087,300	2,477,400	3.6
ADJUSTED GROSS	8,153,207,000	8,325,499,300	8,492,290,600	339,083,600	4.2
Less:					
Federal Funds	4,233,391,600	4,380,058,900	4,461,470,600	228,079,000	5.4
Local and Private	889,336,500	959,759,700	960,618,400	71,281,900	8.0
TOTAL STATE SPENDING	3,030,478,900	2,985,680,700	3,070,201,600	39,722,700	1.3
Less:					
Other State Restricted Funds	390,484,900	348,689,500	383,210,400	(7,274,500)	(1.9)
GENERAL FUND/GENERAL PURPOSE . .	2,639,994,000	2,636,991,200	2,686,991,200	46,997,200	1.8
PAYMENTS TO LOCALS	1,086,316,500	1,077,139,200	1,027,454,000	(58,862,500)	(5.4)

**FY 2000-01
Change from
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**A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS
PUBLIC ACT 291 OF 2000**

The FY 1999-2000 supplemental, P.A. 291 of 2000, contained a number of items related to the Department of Community Health (DCH). Included among the items were: 1) \$4,455,300 Gross (with \$2,000,000 in local funds earning \$2,455,300 in Medicaid match) for Juvenile Mental Health Services; 2) \$749,000 Gross and GF/GP for bovine tuberculosis; 3) \$500,000 Gross and Healthy Michigan Fund for the Morris Hood Diabetes Outreach Program; 4) \$300,000 Gross and GF/GP for a child car seat safety program; 5) \$4,200,000 Gross, \$3,150,000 Federal, and \$1,050,000 GF/GP for the Medicaid encounter data system, and 6) \$7,000,000 Gross, \$1,750,000 GF/GP to meet Federal data processing requirements.

B. GENERAL ISSUES

1. Medicaid Match Rate Change

The FY 2000-01 budget includes a significant GF/GP saving due to the increase in the Federal Medicaid match rate from 55.11% to 56.18%.

Gross	0
Federal	63,077,100
GF/GP	(63,007,100)

2. Healthy Michigan Fund (HMF)

The budget reflects an increase in funding for Healthy Michigan Fund programs to a total of \$45,367,500, which is roughly equal to the anticipated available HMF revenue in FY 2000-01.

Gross	3,150,000
Restricted	3,150,000
GF/GP	0

C. MENTAL HEALTH ISSUES

1. Transfer of Psychiatric Residency Funding and FTE Adjustment

The budget reflects the transfer of the Psychiatric Residency program into the Graduate Medical Education (GME) portion of the Hospital Services line. Due to excess GME funding, the transfer results in a Gross and GF/GP saving. The budget also reflects a technical adjustment in the FTE count in Community Residential Services.

FTE	(8.2)
Gross	(3,635,100)
GF/GP	(3,635,100)

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2. Psychotropic Medications

The budget reflects the transfer of \$18,000,000 spent by Qualified Health Plans on psychotropic medications for Medicaid clients to the Pharmaceutical Services line. Additionally, funding totaling \$24,400,000 is transferred from Community Mental Health (CMH) for this purpose. The Gross amount is increased due to the earnings of Federal Medicaid match on GF/GP dollars transferred from CMH.

Gross	4,500,000
Federal	4,500,000
GF/GP	0

3. Retroactive Capitation Payments

The budget assumes no savings from the Governor' s proposed change to fee-for-service payments for mental health services rendered to retroactively eligible Medicaid clients.

Gross	0
GF/GP	0

4. State Facilities

The budget assumes a slight change in the census at State-run mental health facilities, with adjustments in the amount of funding and staff paid for by the CMHs to cover the cost of placement decisions.

FTE	119.0
Gross	(4,464,200)
Local	(4,464,200)
GF/GP	0

D. LOCAL PUBLIC HEALTH ISSUES

1. Local Public Health Departments

The budget includes a 3% increase for local public health operations.

Gross	1,196,200
GF/GP	1,196,200

2. Outreach Funding

The budget reflects the transfer of \$8,488,600 in outreach funding for Early and Periodic Screening, Diagnosis, and Treatment and Maternal and Infant Support Services from the Medical Services Administration to the local public health departments and allows for greater flexibility in the use of these funds.

Gross	0
GF/GP	0

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E. OFFICE OF SERVICES TO THE AGING

Gross	1,779,200
GF/GP	1,779,200

The budget increases funding for Senior Volunteer Services (including Foster Grandparents and the Senior Companion Program) to \$6,000,000.

F. MEDICAL SERVICES (MEDICAID)

1. Medicaid Base Funding

Gross	30,840,300
Federal	6,371,100
GF/GP	24,469,200

The budget includes base adjustments to the major Medicaid accounts and the Adult Home Help program. The increase to FY 1999-2000 year-to-date is reduced by \$25,000,000 Gross and Federal due to an FY 1999-2000 contingency fund transfer into the Pharmaceutical Services line.

2. Qualified Health Plan (QHP) Rate Increase

Gross	139,683,700
Federal	78,474,300
GF/GP	61,209,400

The budget includes an 11.7% increase in funding for the Medicaid managed care QHPs, based on the average overall cost increase in the rebidding of the managed care contracts in May 2000.

3. Hospital and Physician Rate Increases

Gross	36,213,900
Federal	20,345,000
GF/GP	15,868,900

The budget includes a 4% rate increase for Medicaid inpatient hospital services, 7% for Medicaid outpatient hospital services, and 9% for Medicaid physician services.

4. Other Medicaid Provider Increases

Gross	58,428,900
Federal	32,825,400
GF/GP	25,603,500

The budget includes a 5.4% increase for long-term care, with a \$0.50 per hour wage pass-through; a 5% increase for auxiliary medical services such as dental and ambulance; a 4% increase for home health services; 4% for personal care services; and an increase in the Medicaid pharmacy dispensing fee to \$3.77 per script.

**FY 2000-01
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5. Medicaid Special Financing

The budget reflects the effects of changes in Federal regulations that permit the State to increase GF/GP savings realized from various Medicaid special financing mechanisms.

Gross	63,209,200
Federal	31,902,500
Local	84,510,000
Restricted	(40,640,800)
GF/GP	(12,562,500)

G. PROGRAM TRANSFERS

The budget reflects the transfer of \$560,000 Gross and GF/GP to the Department of Community and Industry Services (CIS). This transfer is intended to cover the costs created in the CIS budget when licensing costs for Alternative Intermediate Services homes were removed in the mental health managed care waiver.

FTE	17.0
Gross	281,300
Federal	631,000
GF/GP	(349,700)

The budget also reflects the transfer in of \$841,300 Gross; \$210,300 GF/GP; and 17.0 FTEs from the Family Independence Agency for the Title XIX Optical Character Reader staff. This staff processes Medicaid invoices and other Medicaid-related documents.

H. FEE INCREASES

The budget includes \$200,000 in new assumed revenue from a proposed 15% increase in vital records fees, as well as a 2.8% increase in the newborn screening fee based on the change in the Consumer Price Index.

Gross	389,200
Restricted	389,200
GF/GP	0

I. UNCLASSIFIED SALARIES

The unclassified salaries line item was increased by 2.5%.

Gross	13,700
GF/GP	13,700

J. ECONOMIC ADJUSTMENTS

Standard economic adjustments were applied for salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	27,267,900
IDG	2,477,400
Federal	3,826,400
Local	7,725,600
Private	8,000
Restricted	1,028,300
GF/GP	12,202,200

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Item	Gross	GF/GP
Salaries and wages	\$15,854,200	\$8,803,500
Insurance	3,735,500	935,500
Retirement	6,386,300	1,923,100
Other	1,291,900	540,100

K. TOBACCO SETTLEMENT

The budget removed Tobacco Settlement funding (and associated Medicaid match) used for the one-time Long Term Care Innovations Grant program. A total of \$10,000,000 in Tobacco Settlement funding was allocated to the Rural Health Initiative, with a focus in FY 2000-01 on rural emergency services. New Tobacco Settlement funding of \$10,000,000 was added to expand Local Indigent Medical Care programs. A total of \$20,000,000 in Tobacco Settlement funding was included to help fund the Medicaid base through replacement of GF/GP support with Tobacco Settlement dollars. Tobacco Settlement funding for the Elder Prescription Insurance Coverage program was increased from \$30,000,000 to \$33,000,000, while a technical fund source adjustment reducing private funds was made to reflect the fact that premiums will not be collected by the State.

Gross	(14,276,700)
Federal	(12,276,700)
Private	(15,000,000)
Tobacco	33,000,000
GF/GP	(20,000,000)

L. OTHER ISSUES

Other changes in the budget resulted in slight changes to FY 1999-2000 funding.

Gross	(3,016,500)
Federal	(1,527,100)
Local	(1,834,000)
Private	336,500
Restricted	(4,201,200)
GF/GP	4,209,300

M. VETOES

The Conference Committee had stripped \$1.5 million in proposed additional Healthy Michigan Fund expenditures, but had inadvertently left in a related piece of boilerplate, Section 1022. As such, the Governor corrected that oversight by vetoing this section.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICE
P.A. 293 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	4,148.4	4,154.4	4,182.4	34.0	0.8
GROSS	500,458,500	523,256,600	529,756,600	29,298,100	5.9
Less:					
Interdepartmental Grants Received	4,020,900	109,200	109,200	(3,911,700)	(97.3)
ADJUSTED GROSS	496,437,600	523,147,400	529,647,400	33,209,800	6.7
Less:					
Federal Funds	219,315,000	236,196,000	237,626,000	18,311,000	8.3
Local and Private	791,900	745,900	745,900	(46,000)	(5.8)
TOTAL STATE SPENDING	276,330,700	286,205,500	291,275,500	14,944,800	5.4
Less:					
Other State Restricted Funds	195,473,200	206,647,200	207,513,200	12,040,000	6.2
GENERAL FUND/GENERAL PURPOSE .	80,857,500	79,558,300	83,762,300	2,904,800	3.6
PAYMENTS TO LOCALS	33,773,700	28,125,000	33,921,000	147,300	0.4

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

Emergency Services Training Centers

The supplemental includes \$2,000,000 GF/GP for the Oakland County Training Center and \$1,000,000 for the Macomb County Center. The centers provide combined emergency service training to local police and fire departments.

B. MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

The FY 2000-01 budget includes a Federal increase in funding for 1,200 additional Section 8 subsidized housing certificates for families, seniors, and the disabled whose maximum household income does not exceed the area median income.

Gross	4,950,000
Federal	4,950,000
GF/GP	0

C. UNEMPLOYMENT AGENCY REMOTE CLAIMS FILING SYSTEM

The budget includes an increase in Federal spending authority to reflect more accurately anticipated rent costs due to the implementation of this new claims filing system. The system is an automated phone-in system for filing unemployment claims that will replace the current local office system. This is a one-time increase for the cost of the three new centers.

Gross	3,728,500
Federal	2,000,000
Restricted	1,728,500
GF/GP	0

D. FINANCIAL INSTITUTIONS BUREAU INCREASES

Increases for two different programs in this Bureau were included in the budget. The first is an increase in restricted funding spending authority and two FTE positions for credit union regulation, which has become more complex due to the newly expanded services being offered in this industry. The second is an increase in restricted funding spending authority and two FTE positions to address the expansions in the mortgage loan sector.

FTE	4.0
Gross	240,000
Restricted	240,000
GF/GP	0

E. GRANT INCREASES

The budget includes a \$4,100,000 increase for Arts and Cultural Grants and a \$746,000 increase for Fire Protection Grants. The budget also includes 3.0 new FTEs to administer the Nursing Home Incentive Grants.

FTE	3.0
Gross	4,846,000
Restricted	746,000
GF/GP	4,100,000

**FY 2000-01
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F. MIOSHA INSPECTORS

The budget includes 5.0 new inspectors to perform inspections of the construction industry.

FTE 5.0
Gross 224,000
Restricted 120,000
GF/GP 104,000

G. DAY CARE INSPECTORS

Additional Federal funding has been included to support an increase in licensing staff for the Day Care Unit.

FTE 20.0
Gross 1,380,000
Federal 1,380,000
GF/GP 0

H. UNCLASSIFIED SALARIES

There is a 9.75% increase included for the unclassified salaries line item.

Gross 489,700
Restricted 41,800
GF/GP 447,900

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross 16,435,300
Federal 10,272,800
Restricted 7,429,900
IDG (3,911,700)
GF/GP 2,644,300

Item	Gross	GF/GP
Salaries and wages	\$5,282,000	\$812,700
Insurance	2,529,200	407,600
Retirement	4,280,700	742,800
Other	4,343,400	681,200
Total	\$16,435,300	\$2,644,300

J. OTHER ISSUES

- The budget includes adjustments for various Federal and restricted fund sources, adjustments for rent and building occupancy, and funding transfers from the Department of Community Health and Family Independence Agency.

FTEs 2.0
Gross 4,600
Federal (291,800)
Restricted 1,733,800
Private (46,000)
GF/GP (1,391,400)

**FY 2000-01
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2. Funding for the Emergency Services Training Centers is not included for FY 2000-01.

Gross	(3,000,000)
GF/GP	(3,000,000)

K. VETOES

Regional Communication Emergency Operations Mobile Command Post

The Legislature included \$50,000 in one-time funding for the Oakland County Sheriff's Department for this Command Post. Additional language required a match for this funding. The Governor vetoed this line item and the associated boilerplate.

DEPARTMENT OF CORRECTIONS
P.A. 237 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	19,174.3	19,784.8	19,784.8	610.5	3.2
GROSS	1,564,700,800	1,703,340,600	1,703,858,400	139,157,600	8.9
Less:					
Interdepartmental Grants Received	6,615,600	6,710,500	6,710,500	94,900	1.4
ADJUSTED GROSS	1,558,085,200	1,696,630,100	1,697,147,900	139,062,700	8.9
Less:					
Federal Funds	26,368,200	26,633,600	26,633,600	265,400	1.0
Local and Private	412,800	429,500	429,500	16,700	4.0
TOTAL STATE SPENDING	1,531,304,200	1,669,567,000	1,670,084,800	138,780,600	9.1
Less:					
Other State Restricted Funds	48,347,900	50,484,300	50,484,300	2,136,400	4.4
GENERAL FUND/GENERAL PURPOSE . .	1,482,956,300	1,619,082,700	1,619,600,500	136,644,200	9.2
PAYMENTS TO LOCALS	78,816,500	81,056,300	81,056,300	2,239,800	2.8

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

**A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS
PUBLIC ACT 291 OF 2000**

The supplemental appropriation added \$1,377,200 to the FY 1999-2000 budget to complete a radio alert system, and reduced the Department of Corrections' operations by \$5,000,000 for capital outlay projects.

B. ISSUES

1. Prison Capacity Funding

The Governor recommended a \$47,161,000 increase for three months' operation of a new 1,500 bed facility at Ionia and full-year funding of facilities opened in FY 1999-2000. The Youth Correctional Facility Gross appropriation was increased for full-year funding by \$704,000, but Federal Violent Offender Incarceration and Truth-in-Sentencing funds reduced GF/GP expenditures by \$761,400. Conversely, the executive recommendation eliminated part-year funding for three housing units that have been delayed in opening until FY 2001-02, reducing the budget by \$6,092,300. The Senate and the House accepted the Governor's recommendation for prison capacity funding.

Gross	41,772,700
Restricted	5,000
Federal	1,465,400
GF/GP	40,302,300

2. Other Prison Operations

The Governor proposed an employee step increase for both academic/vocational teachers and corrections officers totaling \$9,071,300, an increase of \$6,341,600 to provide prisoner uniforms for all security level prisoners, and various capacity and base cost increases of \$3,061,500. The recommendation included a reduction in GF/GP spending of \$4,865,200 to eliminate a one-time increase for leap year day and to reduce funding for the employee training facility. The recommendation included two new psychologist positions at Scott and Crane Correctional Facilities of \$159,600 and an increase in Gross spending of \$653,200 to support vocational education programs funded with Federal funds. The recommendation included a \$2,100,000 increase in the Prison Industries Revolving Fund expenditures. These recommendations were adopted by both the Senate and the House.

Gross	16,522,000
Restricted	2,243,300
Federal	568,200
GF/GP	13,710,500

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

3. Health Care

The Governor's recommendation included a \$9,797,400 increase for caseload growth as well as the base cost increases for the managed care contract and pharmaceuticals. The Senate and the House accepted the Governor's recommendation.

Gross	9,797,400
GF/GP	9,797,400

4. Substance Abuse

The Governor's recommendation included \$1,670,100 to provide for caseload growth, a 5% increase in residential provider per diem, a 3% increase in substance abuse test costs, and a per diem increase for the Department's in-prison pilot drug treatment program. The recommendation included a \$1,835,000 increase in GF/GP spending to offset Federal funds for a residential treatment program at Cooper Street Prison. These recommendations were adopted by both the Senate and the House.

Gross	1,670,100
Federal	(1,835,000)
GF/GP	3,505,100

5. Field Operations and Community Corrections

The enacted budget includes a \$342,400 Gross increase to adjust for field operations caseload growth and rent increases. The recommendation included a \$2,176,500 increase in GF/GP spending to offset other fund sources. The Senate increased spending for the County Jail Reimbursement Program by \$517,800 to provide a \$2 per diem increase and the House adopted the increase.

Gross	860,200
Restricted	(1,922,700)
GF/GP	2,782,900

6. Executive and Administration

The Governor recommended \$504,200 for new positions in budget and physical plant, central records, personnel recruitment, and audit and internal affairs. There is an increase of \$2,742,800 for rent and Department of Management and Budget surcharge increases. The Senate and the House accepted the recommendations.

Gross	3,247,000
GF/GP	3,247,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. FEE INCREASES

The budget reduces GF/GP spending by \$229,000 due to an increase in public works fees of \$1 per worker per day.

Gross	0
Restricted	229,000
GF/GP	(229,000)

D. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$25,349,500	\$24,661,600
Insurance	13,001,200	12,648,900
Retirement	25,990,500	25,286,200
Food	896,200	880,500
Building occupancy and rent	50,800	50,800
Total	\$65,288,200	\$63,528,000

Gross	65,288,200
IDG	8,000
IDT	86,900
Federal	66,800
Local	16,700
Restricted	1,581,800
GF/GP	63,528,000

**DEPARTMENT OF EDUCATION
P.A. 263 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	542.6	457.6	457.6	(85.0)	(15.7)
GROSS	1,005,371,100	925,310,500	929,493,300	(75,877,800)	(7.5)
Less:					
Interdepartmental Grants Received	1,084,700	518,000	518,000	(566,700)	(52.2)
ADJUSTED GROSS	1,004,286,400	924,792,500	928,975,300	(75,311,100)	(7.5)
Less:					
Federal Funds	929,498,200	871,088,900	873,591,700	(55,906,500)	(6.0)
Local and Private	6,996,600	6,967,300	7,117,300	120,700	1.7
TOTAL STATE SPENDING	67,791,600	46,736,300	48,266,300	(19,525,300)	(28.8)
Less:					
Other State Restricted Funds	28,004,600	14,037,600	13,587,600	(14,417,000)	(51.5)
GENERAL FUND/GENERAL PURPOSE .	39,787,000	32,698,700	34,678,700	(5,108,300)	(12.8)
PAYMENTS TO LOCALS	27,492,600	14,054,400	14,054,400	(13,438,200)	(48.9)

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

The supplemental appropriation included \$3,700,000 Gross (\$1,970,000 GF/GP) for the Department of Education. These funds included \$2,250,000 for the production of reading kits, \$950,000 for the Federal Refugee Children School Impact Grant, \$240,000 for a study of teacher preparation, \$220,000 for national education assessment incentive grants, and \$40,000 for the Federal Troops to Teachers program.

B. STATE GRANTS

Gross	1,807,000
Restricted	50,000
GF/GP	1,757,000

1. Michigan School Readiness Program (MSRP)

The FY 2000-01 budget increases the per pupil grant for the MSRP from \$3,100 to \$3,300, which requires an increase of \$817,000 GF/GP to continue funding the same number of pupils in the program at the higher per pupil allocation.

2. Innovative Program and Innovative Curriculum Grants

Two new grant line items are funded in the FY 2000-01 Department of Education budget. The Innovative Program grants are funded at \$400,000 to be spent in the next two fiscal years, providing competitive grants for school safety programs, parental involvement activities, or expanding curriculum programs. The Innovative Curriculum grants are funded at \$560,000, again to be competitively awarded in the areas of alternative education programs, civic education, math and science education, teacher education, and curriculum development.

3. National Board Certification

The National Board Certification grants provide up to one-half of the cost to a teacher of applying for national board certification. An increase of \$30,000 (for a total of \$50,000) is included in the budget for additional grants based on the increasing number of teachers applying for national board certification.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. FEDERAL GRANTS

A total increase of \$9.8 million in Federal grants is anticipated. The National School Lunch program funding will increase by \$7.2 million, along with the second year of funding at \$950,000 for the Refugee Children School Impact Grant.

Gross	9,753,300
Federal	9,503,300
GF/GP	250,000

D. REMOVAL OF ONE-TIME PROJECTS FUNDING

The FY 2000-01 budget eliminates funding for two items because of their status as “one-time” issues. First, the budget includes a reduction of \$324,000 for the purchase of necessary software and completion of the second stage of the Michigan Education Information System. Second, the funding for the study of teacher preparation as teachers leave college and enter the school system is removed, because the study is again a “one-time” project. Both items had been funded with GF/GP dollars.

Gross	(561,500)
GF/GP	(561,500)

E. SCHOOL IMPROVEMENT TEMPLATE

Funding of \$250,000 is included for technology within the Department to consolidate the multiple school improvement plans that are required of school districts, by creating a template that will be available on the Internet for schools to download as a model framework.

Gross	250,000
GF/GP	250,000

F. AUTISM TEACHER CERTIFICATION PROGRAMS

Funding of \$250,000 is included for the Department to work with Grand Valley State University, and, at the direction of the Governor, other higher education institutions, to establish or enhance teacher certification programs focused on working with autistic pupils.

Gross	250,000
GF/GP	250,000

G. PROGRAM TRANSFERS

Executive Order 1999-12 transferred adult education, career preparation, and postsecondary services to the Department of Career Development. This E.O. further transferred the Michigan Educational Assessment Program to the Department of Treasury. Also, the State portion of the School Lunch Program was transferred to the State School Aid Act, and subsequently funded with School Aid Fund dollars.

Gross	(85,436,000)
Federal	(66,371,600)
Restricted	(13,368,300)
GF/GP	(5,696,100)

**FY 2000-01
Change from
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H. UNCLASSIFIED SALARIES

Gross 0
GF/GP 0

The total appropriation for unclassified salaries remained at the same level for FY 2000-01 as for FY 1999-2000, namely \$505,500.

I. ECONOMIC ADJUSTMENTS

Gross 1,528,000
Federal 738,700
Local 120,700
Restricted 112,900
GF/GP 555,700

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries and wages	\$567,200	\$199,200
Insurance	268,600	91,000
Retirement	513,800	177,900
Workers' compensation	31,500	31,500
Fuel and utilities	0	0
Building occupancy charges	143,300	54,800
Food	3,600	1,300
Total	\$1,528,000	\$555,700

J. OTHER ISSUES

Gross (3,468,600)
IDG (566,700)
Federal 223,100
Restricted (1,211,600)
GF/GP (1,913,400)

Other changes in P.A. 263 of 2000 decrease funding for FY 2000-01, mainly due to the elimination of one-time supplemental funding.

K. VETOES

The Governor vetoed two items in the Department of Education budget. The first item was an appropriation of \$20,000 GF/GP earmarked to fund one third of an FTE for a school nurse to be hired by the Department. The second item was a \$50,000 earmark of State restricted teacher testing fees to support the Office for Safe Schools. This appropriation was deemed a statutorily unallowable use of teacher testing fees. The Office for Safe Schools will continue to be funded with Federal Drug Free Schools grants.

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 275 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,618.7	1,630.7	1,631.7	13.0	0.8
GROSS	402,309,300	406,611,600	409,510,800	7,201,500	1.8
Less:					
Interdepartmental Grants Received.	17,156,400	17,511,700	17,511,700	355,300	2.1
ADJUSTED GROSS	385,152,900	389,099,900	391,999,100	6,846,200	1.8
Less:					
Federal Funds	130,766,500	129,737,500	129,737,500	(1,029,000)	(0.8)
Local and Private	1,529,300	1,523,800	1,523,800	(5,500)	(0.4)
TOTAL STATE SPENDING	252,857,100	257,838,600	260,737,800	7,880,700	3.1
Less:					
Other State Restricted Funds	156,560,700	158,013,600	160,831,600	4,270,900	2.7
GENERAL FUND/GENERAL PURPOSE	96,296,400	99,825,000	99,906,200	3,609,800	3.7
PAYMENTS TO LOCALS	7,019,900	6,519,900	6,529,900	(490,000)	(7.0)

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

1. PUBLIC ACT 291 OF 2000

The FY 1999-2000 supplemental included the following items for the Department of Environmental Quality:

\$50,000 GF/GP for the Volunteer River, Stream, and Creek Cleanup Program. The funding is used to support the cost of the disposal in approved landfills of trash and other material recovered during cleanup efforts.

A \$300,000 Federal Environmental Protection Agency grant for improving environmental data collection and reporting across multiple State and Federal regulatory programs.

2. PUBLIC ACT 52 OF 2000 - The Clean Michigan Initiative Supplemental

The Clean Michigan Initiative (CMI) Fund supports environmental and natural resources protection programs that clean up and redevelop contaminated sites, protect and improve water quality, prevent pollution, abate lead contamination, reclaim and revitalize community waterfronts, and clean up contaminated lake, river, and stream sediments. Up to \$675,000,000 in voter approved general obligation bonds is available for this Initiative. The FY 1999-2000 CMI supplemental included \$750,000 and 8.0 FTE positions supported with the 3% of total CMI funds available for administration; and \$1,500,000 in CMI Clean Water Fund dollars for water quality monitoring activities.

B. WETLANDS ENFORCEMENT

The FY 2000-01 budget includes increased funding and staffing authorization to enhance wetlands permitting and enforcement efforts. The increased staffing will enable the Department to increase enforcement, improve compliance, and address and investigate the growing volume of complaints concerning wetlands received by the Land and Water Management Division.

FTEs	5.0
Gross	375,000
GF/GP	375,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. DAM REMOVAL

Gross	(100,000)
GF/GP	(100,000)

Funding for the removal of a dam in Big Rapids that had been included in the budget since FY 1998-99 was eliminated from the budget. Funding from the prior-year appropriation remains available as a work project, allowing for the continuation and completion of the project.

D. LOCAL PUBLIC HEALTH DEPARTMENT OPERATIONS

Gross	299,000
IDG	299,000
GF/GP	0

The budget provides a 3% economic increase for the appropriation that supports local health department drinking water supply and on-site sewage management activities, bringing total grant funding for these purposes to \$10,267,200.

E. WATER QUALITY MONITORING

Gross	1,000,000
Restricted	1,000,000
GF/GP	0

The House included \$2,700,000 for a water quality monitoring program in the Department's operating budget bill, rather than in the CMI bond appropriation bill where funding for this activity was appropriated in FY 1999-2000. The sources of funding supporting the House proposal included the continuation of \$1,500,000 from the CMI Clean Water Fund, \$146,000 from CMI nonpoint source funds, \$78,000 from the Community Pollution Prevention Fund, \$553,500 from land and water permit fees, and \$422,500 from public water supply fees. The Governor and Senate did not include this funding in the FY 2000-01 operating bill. The enacted budget includes \$2,500,000 from the CMI Clean Water Fund for water quality monitoring.

F. CLEAN MICHIGAN INITIATIVE ADMINISTRATION

Gross	22,500
Federal	(400,000)
Restricted	422,500
GF/GP	0

Clean Michigan Initiative Fund money totaling \$2,372,500 is included in the operating budget for a variety of administrative functions associated with implementing the projects supported under the CMI. Of the amounts appropriated, \$1,600,000 offsets the loss of several other Federal and State restricted sources of financing. Implementing legislation allows the use of up to 3% of total CMI bond proceeds for administrative purposes.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

G. WETLANDS INVENTORY

Gross	0
Restricted	0
GF/GP	0

The House included \$412,000 from the Great Lakes Protection Fund for the first year of a projected five-year project to inventory the State's wetlands. The first-year funding would have been used to inventory wetlands contiguous to the Great Lakes. The Senate and enacted budgets did not include the proposed appropriation, but instead included language requiring the Department to make, or cause to be made, a grant request for Great Lakes Protection Fund dollars for the purpose of conducting a wetlands inventory.

H. POLLUTION PREVENTION PROJECTS

The budget includes a number of new programs and program expansions supported with various State restricted sources of funding, with a focus on pollution prevention. These programs include:

1. Environmental Assistance - Field Office Staff

FTEs	3.0
Gross	300,000
Restricted	300,000
GF/GP	0

An increase in funding, supported with available waste reduction fee revenues, will provide pollution prevention staff to the two remaining district offices without such staff, and will support a second pollution prevention field person in the southeastern Michigan area. The focus of the expanded field staff will be on integrating pollution prevention practices with regulatory activities, and working with local agencies to promote pollution prevention strategies.

2. Environmental Assistance - Innovations and Incentives Program

FTEs	4.0
Gross	275,000
Restricted	275,000
GF/GP	0

Additional staff and funding are provided to enhance efforts at providing services and assistance to business, especially small business, in pollution prevention. The funding for this expansion comes from available waste reduction fees.

3. Small Business Energy Demonstration

Gross	86,200
Private	86,200
GF/GP	0

Residual oil overcharge settlement revenue was provided for grants to small business for demonstration projects in pollution prevention and energy efficiency technologies.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

4. Community Pollution Prevention Grants Program

Under Public Act 384 of 1996, a portion of the money collected from unclaimed bottle deposits is set aside for the creation of a Community Pollution Prevention Fund, which is to be used for community pollution prevention projects. The budget includes an appropriation from the Fund for grants to county governments, local health departments, municipalities, and regional planning agencies. The grants are for projects that seek to reduce waste generation and promote pollution prevention in local communities.

Gross	250,000
Restricted	250,000
GF/GP	0

5. Community Pollution Prevention Assistance

The House, Senate, and enacted budgets include an increase in funding and staff in the Solid Waste Program, supported with available waste reduction fee revenue, to assist organizations and businesses involved in recycling and composting.

FTEs	1.0
Gross	60,000
Restricted	60,000
GF/GP	0

I. SCRAP TIRE MARKET DEMONSTRATION

The Governor's and Senate budgets included \$200,000, while the House included \$125,000 from waste reduction fee revenue for a one-time project aimed at demonstrating, in cooperation with the Department of Transportation, the feasibility of using materials from scrap tire accumulations for manufacturing support poles for guard rails and signs used on State roads. The project was not funded in the enacted budget.

Gross	0
Restricted	0
GF/GP	0

J. AIR QUALITY PERMITTING

The House budget included an increase in the Air Quality Division of 1.0 FTE position and \$60,000 from the Scrap Tire Regulatory Fund for assisting in the more timely processing of permit applications from plants that use fuels derived from tires. The Senate and enacted budgets did not include the House-proposed increase, but did include language requiring the Department to develop and report on strategies for expanding the generation of tire-derived fuels.

Gross	0
Restricted	0
GF/GP	0

K. GROUNDWATER USE REPORTING

The House, Senate, and enacted budgets include an increase from the Great Lakes Protection Fund for the development of a groundwater database that will be used to determine the impact of irrigation wells on aquifers and domestic drinking water supplies.

Gross	100,000
Restricted	100,000
GF/GP	0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

L. FIRE SUPPRESSION ASSISTANCE

The Governor, House, and Senate deleted FY 1999-2000 language that allocated \$100,000 from the Scrap Tire Grants appropriation to Benzie County for scrap tire fire suppression efforts. The House, Senate, and enacted budgets include an increase in the Scrap Tire Grants appropriations, supported with Scrap Tire Regulatory Fund dollars, and language allocating the new funding for grants to local communities to fund scrap tire fire suppression efforts when all other funding sources have been exhausted.

Gross	100,000
Restricted	100,000
GF/GP	0

M. UNCLASSIFIED SALARIES

The House, Senate, and enacted budgets include a \$17,100 increase to fund the FY 1999-2000 cost of unclassified salaries, as well as a 3% economic adjustment.

Gross	31,200
GF/GP	31,200

N. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, equipment, phone, postage, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	5,958,200
IDG & IDT	56,300
Local	57,000
Restricted	2,541,300
GF/GP	3,303,600

Item	Gross	GF/GP
Salaries and wages	2,267,000	1,132,800
Insurance	1,004,300	519,400
Retirement	2,037,100	1,009,000
Postage, phone, and equipment	(14,500)	(9,100)
Rent	160,000	147,200
Building occupancy charges	\$504,300	\$504,300
Total	\$5,958,200	\$3,303,600

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

O. OTHER ISSUES

Other budget changes include adjustments to reflect the availability of various Federal, local, and State restricted sources of financing; statutorily based inflationary adjustments in sewage sludge land application fees and the solid waste program; the inclusion of \$150,000 from a consent agreement concerning the Saginaw Bay and River for water monitoring activities; and a net reduction of \$1,629,000 Gross, \$0 GF/GP in various FY 1999-2000 supplemental and contingency transfer items not funded at the same levels in FY 2000-01.

Gross	(1,555,600)
Federal	(629,000)
Local	(148,700)
Restricted	(777,900)
GF/GP	0

**EXECUTIVE OFFICE
P.A. 276 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	75.0	75.0	75.0	0.0	0.0
GROSS	5,425,100	5,679,600	5,679,600	254,500	4.7
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	5,425,100	5,679,600	5,679,600	254,500	4.7
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	5,425,100	5,679,600	5,679,600	254,500	4.7
Less:					
Other State Restricted Funds	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE .	5,425,100	5,679,600	5,679,600	254,500	4.7
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

A. STATE OFFICERS COMPENSATION COMMISSION (SOCC) DETERMINATIONS

Gross	8,600
GF/GP	8,600

The budget includes \$2,700 for the last quarter of calendar 2000 SOCC adjustments for the Governor and Lieutenant Governor. The budget also includes \$5,900 for an estimated 3.0% adjustment for future SOCC determinations related to 2001.

B. UNCLASSIFIED SALARIES

Gross	24,300
GF/GP	24,300

The budget increases the line item that funds 8.0 FTE unclassified positions by 3.0%, from \$808,800 to \$833,100.

C. ECONOMIC ADJUSTMENTS

Gross	221,600
GF/GP	221,600

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$80,000	\$80,000
Insurance	37,300	37,300
Retirement (defined benefit)	13,000	13,000
Retirement (defined contribution)	91,300	91,300
Total	\$221,600	\$221,600

FAMILY INDEPENDENCE AGENCY
P.A. 294 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	13,465.3	13,463.6	13,499.6	34.3	0.3
GROSS	3,828,962,900	3,507,392,200	3,591,822,500	(237,140,400)	(6.2)
Less:					
Interdepartmental Grants Received	150,000	765,000	765,000	615,000	410.0
ADJUSTED GROSS	3,828,812,900	3,506,627,200	3,591,057,500	(237,755,400)	(6.2)
Less:					
Federal Funds	2,468,470,800	2,124,055,000	2,204,146,150	(264,324,650)	(10.7)
Local and Private	114,031,100	117,296,800	119,160,150	5,129,050	4.5
TOTAL STATE SPENDING	1,246,311,000	1,265,275,400	1,267,751,200	21,440,200	1.7
Less:					
Other State Restricted Funds	77,023,100	58,665,400	50,641,200	(26,381,900)	(34.3)
GENERAL FUND/GENERAL PURPOSE . .	1,169,287,900	1,206,610,000	1,217,110,000	47,822,100	4.1
PAYMENTS TO LOCALS	130,272,300	142,932,000	142,932,000	12,659,700	9.7

**A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS
PUBLIC ACT 291 OF 2000**

Public Act 291 of 2000 included \$160,703,400 Gross, \$80,558,400 GF/GP to provide information technology projects, grants to community action agencies, increased GF/GP funding to offset Federal funds that must be redirected due to changes in Federal regulations, funding to avoid Federal sanctions for food stamp program errors, full statutory funding for the Children's Trust Fund, and Federal funds for the Homestead Property Tax reimbursement to low-income families, teen pregnancy prevention grants, and family opportunity programs.

B. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The Federal block grant, created by Federal welfare reform legislation—the Personal Responsibility and Work Opportunity Act of 1996—provides support for poor families through work incentives, such as employment placement and training opportunities and other related state programs. Fiscal year 2000-01 is the final year of the five-year authorization for this Federal legislation; thus, the block grant legislation will have to be reauthorized by the U.S. Congress if it is to continue.

The Michigan basic grant is \$775,353,000. The State is allowed to carry forward any unspent block grant funds from the previous year. It is anticipated that Michigan will have \$844,546,600 in TANF funds to spend in FY 2000-01, approximately 38% of the department's Federal funding. The funds are appropriated in the State budgets for the Family Independence Agency (FIA), Department of Career Development, and Department of Community Health. Each year states are required to maintain spending for qualified state expenditures of at least 80% (or 75% if a state meets Federal work participation requirements) of the state's historic state expenditure level. Michigan meets the work participation requirements, is required to spend at least \$468,518,400 in State funds, and counts State GF/GP spending for FY 2000-01 in the following State departments: FIA, Career Development, and Education. The FIA appropriation assumes use of TANF funds in FY 2000-01 to include continuation of FY 1999-2000 spending and the adjustments described below.

		FY 2000-01 Change from FY 1999-2000 <u>Year-to-Date</u>
1. TANF Fund Shifts	Gross	0
	Federal	(16,300,000)
	GF/GP	16,300,000
The budget includes General Fund dollars to replace TANF fund spending for in-home services and the State child tax exemption, which may not be used for those purposes, and to restore the State match for the Federal Title IV-E Foster Care reimbursement requirement.		
2. Program Expansion	Gross	48,592,800
	Federal	48,592,800
	GF/GP	0
The following TANF funds are appropriated for program increases:		
a.	Project Zero, an increase to the \$11,000,000 FY 1999-2000 program funding to provide statewide program implementation, \$2,975,200 Gross, \$0 GF/GP; Homestead Property Tax reimbursement, \$27,000,000 Gross, \$0 GF/GP; and \$3,300,000 Gross, \$0 GF/GP for Community Services Block Grant.	
b.	Domestic Violence shelter and emergency services, \$650,000 Gross, \$0 GF/GP; sexual assault project, \$1,500,000 Gross, \$0 GF/GP; and family violence and worker safety initiatives, \$517,600 Gross, \$0 GF/GP.	
c.	A new Family Reunification Program, \$5,000,000 Gross, \$0 GF/GP; and Family Preservation and Prevention Services child abuse/neglect secondary prevention services for children 0-3 years of age, \$2,000,000 Gross, \$0 GF/GP.	
d.	Youth-in-Transition runaway and homeless youth services, \$1,400,000 Gross, \$0 GF/GP; and Teenage Parent Counseling services, \$1,000,000 Gross, \$0 GF/GP.	
e.	State Emergency Services includes TANF funds for Food Bank Council emergency food services, \$250,000 Gross, \$0 GF/GP, and expansion of emergency shelter per diem rate by \$3 to \$13 at a cost of \$3,000,000 Gross, \$0 GF/GP.	

		FY 2000-01 Change from FY 1999-2000 Year-to-Date	
3.	Low-Income Families' Program Adjustments	Gross	(130,128,800)
		Federal	(218,128,800)
		GF/GP	88,000,000
a.	Child Day Care		
	<p>Child day care caseload reduction of 13,700 cases to 73,700 cases which reflects a slower-than-projected FY 2000 increase, (\$139,004,600) Gross, \$0 GF/GP; funding reduction in the accessibility incentive pool for quality child day care to \$9,135,800, (\$23,864,200) Gross, \$0 GF/GP; a TANF fund shift to the Family Independence Program (FIP) line and General Fund to this line because of a Federal requirement that funds carried forward be spent on assistance services, \$0 Gross, \$103,000,000 GF/GP; a one-time rate increase for providers of children 0 to 2½ years of age—based on the 1999 market rate survey, \$16,740,000 Gross, \$0 GF/GP; a Before- or After-school pilot program, \$16,000,000 Gross, \$0 GF/GP; and a shift of \$15,000,000 GF/GP to create the Traditional Work Support Program with TANF funds to this appropriation line, \$0 Gross, (\$15,000,000) GF/GP.</p>		
		Gross	(36,446,800)
b.	Family Independence Program (FIP)	Federal	51,553,200
		GF/GP	(88,000,000)
	<p>An average caseload reduction of 14,900 to 63,400 cases, a cost per case increase of \$15 to \$375 per case, and additional grant increases for Kinship Care and deferred FIP cases (\$55,296,800) Gross, \$0 GF/GP; a TANF fund shift from the Day Care line and General Fund from FIP to the Day Care line because of a Federal requirement that funds carried forward be spent on assistance services, \$0 Gross, (\$103,000,000) GF/GP; and a 50% increase for the child clothing allowance for low-income families from \$50 to \$75 per child, \$3,850,000 Gross, \$0 GF/GP. The budget also includes Transitional Work Support, \$15,000,000 Gross, GF/GP, a new program intended to remove a work disincentive for families whose FIP case closes within 90 days of opening due to employment. These cases will not be eligible for Federal Medicaid coverage. However, program implementation will allow families State-financed transitional Medicaid coverage for 12 months as an incentive to find work quickly and</p>		

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. ADMINISTRATION AND TECHNOLOGY

1. The budget includes funds for department cost increases for ongoing computer equipment maintenance, software support and equipment and software purchases; a Department of Management and Budget-purchased new back-up mainframe for the Automated Social Services Information and Support System (ASSIST); the development and operation of the Child Support Enforcement Automation and the Distribution Unit, the Electronic Benefits Transfer system, and the Finger Imaging Program. The budget also includes changing the ASSIST line item appropriation name to Client Services System.
2. Additional funds are provided through a \$615,000 Gross, \$0 GF/GP Department of Management and Budget interdepartmental transfer to provide retirement disability determination services for former State employees
3. The budget includes increased funding of \$1,311,700 Gross, \$0 GF/GP for 30.0 additional positions that will be located in hospitals where staff will make determinations about patients' eligibility for Medicaid reimbursement.

Gross	61,476,900
IDG	615,000
Federal	38,329,250
Private	655,850
GF/GP	21,876,800

D. FINANCE ADJUSTMENTS

The budget includes increases for the Federal revenue match rate, GF/GP funds to replace reductions in Federal revenue and revenue associated with declines in child support collections related to reductions in the FIP caseload declines. In addition, \$0 Gross, \$3,125,000 is included for the Federal penalties assessed against the State for tardiness in the completion of the Child Support Enforcement system. Also, \$0 Gross, \$8,024,200 GF/GP is included to offset a department-wide lapse that was used as a funding mechanism.

Gross	0
Federal	(7,381,700)
Restricted	(34,355,900)
GF/GP	41,737,600

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

E. CHILD AND FAMILY SERVICES

1. Juvenile Justice Programs

The budget includes the transfer of block-granted services funds, necessary to unroll the Juvenile Justice Services Wayne County Block Grant—established by Public Acts 478 and 516-527 of 1998— appropriated in the FY 1999-2000 budget. General Fund dollars are added and other financing is converted to include 50% charge back from the county, resulting in a State revenue gain. In addition, a fund increase is included for the Child Care Fund, detention center and residential services projected case load growth, staffing and other administrative costs. Funds for the juvenile boot camp program and other grant awards are adjusted to expected grant award spending levels, including State matching funds for anticipated administrative costs and Federal funds anticipated for the Juvenile Accountability Incentive Block Grant. The budget includes two appropriation line name changes: Delinquency services operations to Juvenile justice operations; and Residential care centers to Community juvenile justice centers.

Gross	26,492,300
Federal	2,904,600
Local	53,433,500
Restricted	(38,582,100)
GF/GP	8,736,300

2. Program Expansion

a. Child Support and Protective Services

The budget includes anticipated Federal funds for child support enforcement legal support contracts with the Friend of the Court and prosecutors and for Attorney General child protective services (CPS) case load. In addition, \$279,000 Gross, \$202,800 GF/GP and 6.0 positions are included in the budget for CPS or related worker safety initiatives and \$315,000 Gross for nine child advocacy centers statewide that provide investigative assessment interviews for victims of child abuse and neglect.

Gross	21,344,000
Federal	20,826,200
GF/GP	517,800

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

b. Foster Care and Adoption

The budget includes funds for projected case load increases, a 3% annual rate increase for Foster Care payments and Adoption Subsidies for families, a 3% rate increase effective February 15, 2001, for placement agencies, and a FY 1999-2000 annualized 2.7% rate increase. New appropriation lines, Wayne county foster care payments and Adoption support services, are added through the transfer of funds from associated appropriation lines to allow for more efficient monitoring. Additional Federal funds are anticipated for the Foster Care Parent Recruitment, \$1,000,000 Gross, \$500,000 GF/GP; the Child Well-Being Program, \$500,000 Gross, \$0 GF/GP; and county shelters, \$100,000, \$0 GF/GP.

Gross	51,193,000
Federal	21,659,900
Local	7,045,500
GF/GP	22,487,600

F. GRANTS

1. State Emergency Relief

The budget includes additional funds for a \$250 increase in the \$1,500 lifetime limit on nonenergy-related home repairs for eligible recipients and \$244,000 Gross, GF/GP for multicultural community services to assist the State Arab Chaldean population in assimilation.

Gross	324,000
GF/GP	324,000

2. State Disability and Supplemental Security Income (SSI) Assistance

Adjustments include a projected caseload of 7,400, a decrease of 600 cases, and a 5% State Disability Assistance rate increase, which provides the first increase since the program's 1992 inception, an addition of \$11.45 to the \$229 monthly per case payment. The budget also includes a projected decline of 3,900 cases in State supplement for SSI from 215,900 to 212,000 average cases. However, increases are included for the cost per case and projected administrative costs.

Gross	515,900
GF/GP	515,900

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

3. Food Stamp Program

The budget includes a reduction in the program funds due to a 237,500 projected average caseload, a decline of 76,600 cases. Also, a TANF financing switch for employment and training cases will eliminate the need for a 50% State match for the program.

Gross (166,781,200)
Federal (166,381,200)
GF/GP (400,000)

G. PROGRAM TRANSFERS

The budget includes the transfer to the Department of Community Health of the Title XIX (Medicaid) Optical Character Reader staff— 20.0 positions and \$841,300 Gross, \$210,300 GF/GP—who process program information on fringes and occupancy. A transfer to the Treasury Department of the High School Completion Program, a higher education funding program, also is included.

Gross (1,204,700)
Federal (631,000)
GF/GP (573,700)

H. UNCLASSIFIED SALARIES

There are no adjustments for unclassified salaries in the budget.

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross 40,199,500
Federal 22,170,300
Local 1,627,700
Restricted 13,700
GF/GP 16,387,800

Item	Gross	GF/GP
Salaries	\$16,196,000	\$6,118,400
Insurance	6,443,600	2,565,000
Retirement	9,754,000	3,814,700
Other	7,805,900	3,889,700
Total	\$40,199,500	\$16,387,800

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

J. OTHER ISSUES

The FY 1999-2000 supplemental and transfer appropriations add one-time TANF and other revenue source funds that either are not included in the FY 2000-01 budget or are included at lower levels. Appropriations affected by the supplemental and transfers include the Family opportunity project, Teen pregnancy reduction project, funds for reinvestment in the food stamp program related to program penalties assessed against the State, juvenile justice program increased staff costs, executive and other staff cost increases, funds for technology hardware and software maintenance and purchase, and the Children' s TrustFund. The result is a greater reduction in Gross, Federal and restricted revenues and lesser increase in local and GF/GP between FY 1999-2000 year-to-date and FY 2000-01.

Gross	(181,054,800)
Federal	(91,268,650)
Local	(55,770,150)
Restricted	46,542,400
GF/GP	(80,558,400)

K. VETOES

1. Employment and Training

- a. The Governor vetoed three sections – Section 407, Section 629, and Section 649 – that reduced the FY 1999-2000 year-to-date appropriation. The Governor indicated that this appropriation more appropriately belongs in the Department of Career Development budget, where grantees should compete for available funding. At the time this report was prepared, at issue was whether \$112,500 for Created for Caring would be determined to be General Fund or TANF.
- b. The Governor also vetoed Section 411, which appropriated \$1,000,000 Gross, \$0 GF/GP in TANF funds for a low-income families' fatherhood pilot project. The Governor indicated that the language was overly prescriptive and the program would be difficult to sustain given other FIA budget priorities.

2. Family Preservation and Prevention Services

The Governor vetoed Section 522, which appropriated \$255,000 Gross, \$0 GF/GP in TANF funds for the Michigan Area Council of Boys and Girls Club of America' s after-school programs. The Governor indicated that he did not support allocating funds to a specific provider since competitive funds are available for this type of organization.

3. Day Care

- a.** The Governor vetoed Section 639, which appropriated \$1,250,000 Gross, \$0 GF/GP in TANF funds to implement a Teacher Education and Compensation Helps (T.E.A.C.H.) Early Childhood pilot project—modeled after a North Carolina program—that provides educational scholarships for teachers, directors, and family child care providers. The Governor indicated that the FIA currently implements the program with existing funds.
- b.** The Governor vetoed Section 641, which appropriated \$5,100,000 Gross, \$0 GF/GP in TANF funds to expand the 30% reimbursement category of the income eligibility scale to include families up to 200% poverty. The Governor indicated that he supports quality rather than eligibility expansion.

**HIGHER EDUCATION
S.B. 967 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 CONF. REPORT	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1.0	0.0	1.0	0.0	0.0
GROSS	1,785,959,308	1,838,900,562	1,905,000,608	119,041,300	6.7
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	1,785,959,308	1,838,900,562	1,905,000,608	119,041,300	6.7
Less:					
Federal Funds	3,900,000	3,900,000	3,900,000	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	1,782,059,308	1,835,000,562	1,901,100,608	119,041,300	6.7
Less:					
Other State Restricted Funds	102,750,000	105,250,000	115,250,000	12,500,000	12.2
GENERAL FUND/GENERAL PURPOSE .	1,679,309,308	1,729,750,562	1,785,850,608	106,541,300	6.3
PAYMENTS TO LOCALS	4,566,584	4,670,654	4,670,654	104,070	2.3

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

The Governor recommended an FY 1999-2000 supplemental appropriation of \$31,476,000 for Higher Education infrastructure, technology, equipment, and maintenance, referred to as ITEM. The \$31,476,000 was divided between the 15 public universities (\$30,000,000) and the independent colleges (\$1,476,000), and equated to 2.0% of their FY 1999-2000 State appropriation base. Boilerplate language distributed the funds specifically to each public university, and through the General Degree Reimbursement Program for the independent colleges. The Governor further recommended that no ITEM funds be distributed to a public university until it submitted a five-year comprehensive capital outlay plan to the State Budget Director, pursuant to the Management and Budget Act. The Senate and House recommended a 3.0% ITEM supplemental for public universities (\$44,989,793) and independent colleges (\$2,213,000) and included the funds (and the five-year plan requirement) in a separate supplemental bill, Senate Bill 968, which was signed by the Governor on July 13, 2000, as Public Act 291 of 2000. Column 10 of Table 1 lists the supplemental amounts for each university.

Also included in Public Act 291 of 2000 was an \$11,200,000 supplemental for the Michigan Merit Award Program, increasing total funding from \$86,300,000 to \$97,500,000, financed entirely from tobacco settlement revenue deposited in the Michigan Merit Award Trust Fund.

B. PER-STUDENT FLOOR FUNDING

Gross	30,673,751
GF/GP	30,673,751

The Governor and House grouped the 15 public universities into five separate tiers, each with a different per-student funding floor, and then calculated each university's FY 1999-2000 State appropriation per-student to determine whether the university was funded at its floor level. As calculated by the Governor, nine universities fell below their designated per-student funding floor. The shortfalls ranged from \$59 per student to \$1,340 per student, but the Governor recommended an additional \$53 per student at each of the nine universities at a total cost of \$7,386,120.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

The Senate bill did not group the universities into tiers but did include one \$4,700 per-student funding floor. The Conference Report included the Senate's floor funding dollar amount yet recognized the five separate university groupings proposed by the Governor and the House.

C. UNIVERSITY OPERATIONS

Gross	76,516,678
GF/GP	76,516,678

Subsequent to the per-student floor funding adjustment, the Governor provided an across-the-board 2.5% increase for the Operations line items for all 15 public universities; the Senate provided a 4.0% increase; the House provided a 5.4% increase; and the Conference Report included a 5.0% increase. See Table 1, column 4, for the 5.0% increase amount for each institution. The Governor, Senate, House, and Conferees also eliminated the \$250,000 line item for the Kinship Care Program, and transferred those dollars into Michigan State University's Operations line item.

D. GRADUATE AND ENGINEERING PROGRAMS

Gross	0
GF/GP	0

The Senate included funds for seven universities with strong graduate and/or engineering programs. Those universities were: Eastern - \$300,000; Michigan State - \$1,500,000; Michigan Tech. - \$500,000; Oakland - \$400,000; UM-Ann Arbor - \$1,500,000; Wayne State - \$500,000; and Western - \$400,000. The House and Conference Report removed these dollars.

E. HEALTH EDUCATION TECHNOLOGY GRANTS

Gross	0
Restricted	0
GF/GP	0

The Senate provided grants to each of the public universities for health education programs and their related technology needs. Funds were distributed based on each university's share of the FY 1999-2000 operations base, and the grants were financed from tobacco settlement revenues available in the Michigan Merit Award Trust Fund. The House and Conference Report removed these dollars.

F. HEALTH EDUCATION TECHNOLOGY GRANT - DENTAL DEGREE PROGRAM

Gross	0
Restricted	0
GF/GP	0

The Senate added \$500,000 in tobacco settlement revenue from the Michigan Merit Award Trust Fund to expand the outreach of University of Detroit-Mercy's dental clinics. The House and Conference Report removed these dollars.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

G. FUNDING CAP

Gross	(15,420,899)
GF/GP	(15,420,899)

The Senate bill limited the percentage increase over FY 1999-2000 for any university to 13%, except for Grand Valley which was capped at 14.4% in order to allow a per-student funding floor of \$4,500 for them. The House reduced funds for three universities: Grand Valley (\$2,950,000), Michigan State (\$42,032,914), and Western (\$1,750,000). The Conference Report adjusted appropriations by adding \$6,049,961 to three universities and removing \$21,470,860 from seven universities for a net reduction of \$15,420,899. Column 5 of Table 1 outlines the adjustments.

H. TUITION RESTRAINT

Gross	0
GF/GP	0

The Governor's and House's FY 2000-01 budgets retained the current-year tuition restraint policy that directed State universities to increase resident undergraduate tuition by no more than 3.0%. Any State university that increased tuition by more than 3.0% would have a 1.5% reduction in its base appropriations when the FY 2001-02 budget is developed. The Senate adopted the Governor's tuition restraint policy but restricted tuition increases to 2.8%. The Conference Report restricted tuition increases to 4.0%.

I. STATE AND REGIONAL PROGRAMS

Gross	9,060,463
GF/GP	9,060,463

The Governor recommended 3.0% increases, the Senate 4.0% increases, the House 5.4% increases, and the Conference Report 5.0% increases, for the Agricultural Experiment Station, the Cooperative Extension Service, the Michigan Molecular Institute, and the Japan Center. The current-year funding levels of \$275,000 and \$75,000 for the higher education database and Midwest Higher Education Compact dues, respectively, are retained.

The Senate, House, and Conference Report also transferred \$6,100,000 for Project GREEN from the Department of Agriculture to the Agricultural Experiment Station (\$3,233,000) and the Cooperative Extension Service (\$1,867,000).

J. KING-CHAVEZ-PARKS PROGRAMS

Gross	140,345
GF/GP	140,345

The Governor's budget included 3.0% increases, while the Senate provided 4.0% increases, the House 5.4% increases, and the Conference Report 5.0% increases for the three competitive King-Chavez-Parks Programs: Select Student Support Services; College University Partnership; and Educator Development.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

K. GRANTS AND FINANCIAL AID

Gross	5,570,962
GF/GP	5,570,962

The Governor recommended 3.0% increases, the Senate 4.0%, the House 8.0%, and the Conferees 4.75% for each of the State-funded financial aid programs, as well as the degree reimbursement programs. The lower half of Table 1, column 4, lists the dollar increases.

L. KENDALL COLLEGE - MERGED INSTITUTION STUDENT GRANT

Gross	0
GF/GP	0

The House added a \$100 line item for a grant to Ferris's Kendall College to provide scholarship dollars for students eligible for Michigan Tuition Grants. The Conference Report funded these grants through the Tuition Grant Program.

M. TUITION INCENTIVE PROGRAM (TIP)

Gross	0
Restricted	0
GF/GP	0

The Tuition Incentive Program provides an incentive to low-income middle and high school students to complete high school and continue on to college by pledging to pay their tuition and fees for associate degree or certificate programs, as well as up to \$2,000 at four-year institutions, if they complete high school. Although the Governor recommended no funding changes for TIP, there was proposed boilerplate language that disallowed any new TIP application approvals after September 30, 2000. The TIP phase-out was a result of a recommendation by the Lieutenant Governor's Commission on Financing Postsecondary Education to create a program to provide free tuition for any high school graduate enrolling at a community college or pursuing an associate degree at a State university, if the student's family income were \$40,000 or less. Students who currently receive TIP scholarships must be Medicaid eligible, so they would most likely qualify financially for the new program. However, since students can become eligible for TIP as early as the sixth grade, many students have already qualified for the TIP scholarship, and the Governor's recommendation allowed the students currently in the pipeline to complete their TIP eligibility. The Senate, House, and Conferees retained TIP in its current form and did not concur with the Governor's phase-out recommendation.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

N. TOBACCO SETTLEMENT - MICHIGAN MERIT AWARD PROGRAM

Gross	12,500,000
Restricted	12,500,000
GF/GP	0

The \$2,500 Michigan Merit Award, which may be used for education and training at a variety of postsecondary institutions, commences with the high school graduating class of 2000. Eligibility is based on student achievement on the MEAP tests or through high achievement on college entrance exams or a nationally recognized job skills assessment. For FY 2000-01, the Governor recommended a funding increase of \$12,500,000 for total funding of \$110,000,000, all of which is financed from the Michigan Merit Award Trust Fund. The Governor's budget estimated 44,000 Michigan Merit Awards for FY 2000-01; the Senate Fiscal Agency projected 31, 845 awards for FY 2000-01; and the House Fiscal Agency projected FY 2000-01 spending of \$79,000,000. Until there are more data and experience regarding the program, precise estimates are difficult, and the Conferees accepted the Governor's recommendation of \$110,000,000 for FY 2000-01.

Table 1: FY 2000-01 HIGHER EDUCATION CONFERENCE REPORT

	(1) FY 1999-2000 Enacted	(2) 1999-2000 Approp Per Student*	(3) Per Student Floor Funding	(4) Univ: Incr. of 5.0%; Grants & Fin. Aid: 4.75%	(5) Funding Cap & Other Program Changes	(6) FY 2000-01 Conference Report	(7) \$ Change from 1999-2000	(8) % Change from 1999-2000	(9) 2000-01 Approp Per Student*	(10) FY 1999-2000 Infrastr, Tech, Equip, Maint. 3.0%	(11) Combined % Change from 1999-2000
UNIVERSITIES											
Central	80,478,312	4,278	7,942,788	4,421,055	(4,300,000)	88,542,155	8,063,843	10.0%	4,706	2,414,349	13.0%
Eastern	81,903,067	4,541	2,875,533	4,238,930	(2,650,000)	86,367,530	4,464,463	5.5%	4,788	2,457,092	8.5%
Ferris	52,110,400	6,123	0	2,605,520		54,715,920	2,605,520	5.0%	6,430	1,563,312	8.0%
Grand Valley	53,715,559	3,935	10,434,741	3,207,515	(8,280,860)	59,076,955	5,361,396	10.0%	4,328	1,611,467	13.0%
Lake Superior	13,392,280	4,744	0	669,614		14,061,894	669,614	5.0%	4,981	401,768	8.0%
Michigan State	303,826,465	9,137	0	15,191,323	2,143,613	321,161,401	17,334,936	5.7%	9,801	9,114,794	8.7%
Ag Experiment Station	31,497,154			1,574,858	3,233,000	36,305,012	4,807,858	15.3%			
Cooperative Extension Service	27,092,562			1,354,628	2,867,000	31,314,190	4,221,628	15.6%			
Total Michigan State	362,416,181					388,780,603					
Michigan Tech	51,848,777	8,545	0	2,592,439		54,441,216	2,592,439	5.0%	8,972	1,555,463	8.0%
Northern	48,818,439	6,976	0	2,440,922		51,259,361	2,440,922	5.0%	7,325	1,464,553	8.0%
Oakland	47,212,698	4,317	4,191,202	2,570,195	(2,440,000)	51,534,095	4,321,397	9.2%	4,712	1,416,381	12.2%
Saginaw Valley	24,955,312	4,237	2,727,688	1,384,150	(2,120,000)	26,947,150	1,991,838	8.0%	4,575	748,659	11.0%
UM-Ann Arbor	338,861,239	9,240	0	16,943,062	2,393,602	358,197,903	19,336,664	5.7%	9,767	10,165,837	8.7%
UM-Dearborn	25,777,192	4,563	773,108	1,327,515	(300,000)	27,577,815	1,800,623	7.0%	4,882	773,316	10.0%
UM-Flint	22,175,509	4,360	1,728,691	1,195,210	(1,380,000)	23,719,410	1,543,901	7.0%	4,664	665,265	10.0%
Wayne State	238,066,723	10,246	0	11,903,336		249,970,059	11,903,336	5.0%	10,759	7,142,002	8.0%
Western	116,517,837	5,386	0	5,825,892	1,512,745	123,856,474	7,338,637	6.3%	5,725	3,495,535	9.3%
Michigan Molecular Institute	222,310			11,116		233,426	11,116	5.0%			
Japan Center	397,210			19,861		417,071	19,861	5.0%			
Higher Education Database	275,000					275,000	0	0.0%			
Midwest Higher Ed Compact	75,000					75,000	0	0.0%			
King-Chavez-Parks	2,806,885			140,345		2,947,230	140,345	5.0%			
TOTAL - UNIVERSITIES	1,562,025,930	6,967	30,673,751	79,617,486	(9,320,900)	1,662,996,267	100,970,337	6.5%	7,417	44,989,793	
GRANTS & FINANCIAL AID											
Competitive Scholarships	33,398,513			1,477,179	0	34,875,692	1,477,179	4.4%			
Tuition Grants	61,072,064			2,900,923	1,169,600	65,142,587	4,070,523	6.7%			
Work Study	7,541,388			358,216	0	7,899,604	358,216	4.8%			
Part-time Independent	2,731,203			129,733	0	2,860,936	129,733	4.8%			
Dental Degree	4,753,246			225,779	0	4,979,026	225,780	4.8%			
General Degree	7,061,912			335,441	(1,169,600)	6,227,753	(834,159)	(11.8)%		2,213,000	
Allied Health Degree	879,721			41,787	0	921,508	41,787	4.8%			
Ed. Opportunity Grants (MEOG)	2,145,331			101,904	0	2,247,235	101,904	4.8%			
Byrd Scholarship Program	1,600,000			0	0	1,600,000	0	0.0%			
Michigan Merit Award Program	97,500,000			0	12,500,000	110,000,000	12,500,000	12.8%			
Tuition Incentive Program (TIP)	5,250,000			0	0	5,250,000	0	0.0%			
TOTAL - FINANCIAL AID	223,933,378		0	5,570,962	12,500,000	242,004,341	18,070,963	8.1%		2,213,000	
Federal	3,900,000		0	0	0	3,900,000	0	0.0%		0	
Michigan Merit Trust Fund	102,750,000		0	0	12,500,000	115,250,000	12,500,000	12.2%		0	
State GF/GP	117,283,378		0	5,570,962	0	122,854,341	5,570,963	4.8%		2,213,000	
TOTAL - HIGHER ED	1,785,959,308		30,673,751	85,188,448	3,179,100	1,905,000,608	119,041,300	6.7%		47,202,793	
TOTAL FEDERAL	3,900,000		0	0	0	3,900,000	0	0.0%		0	
TOTAL MERIT TRUST FUND	102,750,000		0	0	12,500,000	115,250,000	12,500,000	12.2%		0	
TOTAL STATE GF/GP	1,679,309,308		30,673,751	85,188,448	(9,320,900)	1,785,850,608	106,541,300	6.3%		47,202,793	

* 1998-99 Fiscal-Year-Equated Students

JUDICIARY
P.A. 264 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	583.0	586.0	590.5	7.5	1.3
GROSS	231,322,000	235,414,100	236,914,000	5,592,000	2.4
Less:					
Interdepartmental Grants Received	2,287,400	3,608,500	3,608,500	1,321,100	57.8
ADJUSTED GROSS	229,034,600	231,805,600	233,305,500	4,270,900	1.9
Less:					
Federal Funds	3,077,800	3,103,300	2,826,600	(251,200)	(8.2)
Local and Private	4,199,000	4,144,900	4,158,500	(40,500)	(1.0)
TOTAL STATE SPENDING	221,757,800	224,557,400	226,320,400	4,562,600	2.1
Less:					
Other State Restricted Funds	55,874,900	56,002,300	56,003,600	128,700	0.2
GENERAL FUND/GENERAL PURPOSE	165,882,900	168,555,100	170,316,800	4,433,900	2.7
PAYMENTS TO LOCALS	117,184,700	113,701,000	115,265,800	(1,918,900)	(1.6)

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

1. \$2,300,000 for trial court improvement projects. The funding will support additional court demonstration projects. The Supreme Court previously initiated seven demonstration project sites to evaluate administrative and organizational changes in the trial courts. The supplemental funding will support approximately 12 additional court demonstration project sites over a two-year period.
2. \$1,650,000 associated with costs related to Public Acts 93 through 98 of 2000. That legislation changed the distribution of fine revenue related to certain ordinance violations involving commercial motor vehicles. Projected costs to local jurisdictions include computer software, accounting changes, form modifications, and training.
3. \$250,000 for court consolidation costs in the 27th District Court related to the elimination of one district judgeship in 2003.
4. \$200,000 funding shift from law exam fees to the State General Fund. The FY 1999-2000 Judiciary Budget included additional funding from law exam fees based on proposed legislation that would increase law exam fees. However, Public Act 86 of 200 was not implemented in time to have an impact on law exam fee revenue in FY 1999-2000.

B. DRUG COURT GRANTS

Gross	1,200,000
GF/GP	1,200,000

Public Act 137 of 1999 (FY 1998-99 supplemental appropriation) included \$1,000,000 in State General Fund support for Drug Court Programs. These courts provide a comprehensive program for alcohol and drug addiction that includes therapeutic interventions, treatment, ongoing drug testing, and other services to reduce the "revolving door system" for nonviolent criminal offenders. While the funding was appropriated in FY 1998-99, actual grant distributions were allocated in FY 1999-2000. The FY 2000-01 budget provides additional funding for this program.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. SUPREME COURT STAFF

FTE	3.0
Gross	266,100
GF/GP	266,100

The budget includes funding for the following 3.0 additional positions:

- Public Education Coordinator to plan and operate the Public Education Center in the new Hall of Justice.
- Human Resources Director to provide services related to coordination of compensation, classification, evaluation, and intervention for Judiciary employees.
- Auditor to increase frequency of trial court audits.

D. COURT OF APPEALS SECURITY

Gross	250,000
GF/GP	250,000

To continue implementation of security enhancements initiated by the Court of Appeals in 1998, the budget includes funding associated with security personnel for courtrooms in Lansing, Grand Rapids, and Detroit.

E. INDIGENT CRIMINAL DEFENSE

FTE	1.5
Gross	105,000
GF/GP	105,000

The budget includes \$85,000 to convert a part-time attorney to full-time status and hire an additional paralegal position for the State Appellate Defender based on workload requirements. The budget also includes \$20,000 for the Appellate Assigned Counsel Administration for costs associated with the automated attorney appointment system.

F. PART-TIME PROBATE JUDGES

Gross	473,000
GF/GP	473,000

Part-time probate judges are allowed to practice law and are compensated on a different basis than full-time probate judges' compensation. The budget includes funding to convert part-time judges to full-time status. Amendments to the Revised Judicature Act are necessary to implement this change.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

G. LEIN SYSTEM INPUT COMPLIANCE

Gross	50,000
GF/GP	50,000

The Legislature included funding to ensure that, pursuant to statute, local courts submit for entry onto the Law Enforcement Information Network (LEIN) court orders for persons determined to be legally incapacitated, persons required to undergo involuntary hospitalization or treatment, and persons adjudged not guilty by reason of insanity.

H. DIRECT TRIAL COURT AUTOMATION SUPPORT

FTE	3.0
Gross	231,800
Local	231,800
GF/GP	0

The budget includes additional funding for trial court automation support. The increase is funded from user charges. The FY 1999-2000 appropriation for this program included 30.0 FTE positions and \$2,496,600.

I. CRIMINAL JUSTICE IMPROVEMENT GRANT

Gross	1,361,100
IDG	1,361,100
GF/GP	0

The budget includes an increase in the criminal justice improvement grant from \$1,443,900 to \$2,805,000. The funding is allocated for a consolidated disposition reporting system. The increased funding reflects unspent funds from previous years due to required changes to the initial design of the system.

J. STATE OFFICERS COMPENSATION COMMISSION (SOCC) DETERMINATIONS

Gross	2,375,000
GF/GP	2,375,000

The budget includes \$768,600 for costs associated with SOCC determinations for the last quarter of 2000. The budget also includes \$1,606,400 based on an estimated 3.0% impact for future SOCC determinations related to 2001. The determinations of SOCC for Supreme Court Justices affect the salary of other judges due to statutory ties based on the following percentages of a Supreme Court Justice's salary:

Court of Appeals Judge	92%
Circuit Court Judge	85%
Probate Court Judge	85%
District Court Judge	84%

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

K. TRIAL COURT FUNDING

Gross	0
GF/GP	0

The budget transfers \$4,000,000 from the Hold Harmless Fund to the Court Equity Fund pursuant to Public Act 374 of 1996. This will reduce the appropriation for the Hold Harmless Fund to \$4,000,000. Pursuant to statute, this is the final appropriation for the Hold Harmless Fund. Because only counties receive funding from the Court Equity Fund, the third class district courts receiving money from the Hold Harmless Fund (Detroit, Flint, Grand Rapids, and Pontiac) will not receive funding beginning in FY 2001-02.

L. FEE INCREASES

Gross	0
Restricted	200,000
GF/GP	(200,000)

The budget includes revenue adjustments based on law exam fee increases provided for in Public Act 86 of 2000.

M. ECONOMIC ADJUSTMENTS

Gross	3,094,700
Local	107,700
Restricted	13,700
GF/GP	2,973,300

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$831,700	\$787,600
Insurance	660,300	622,200
Retirement (defined benefit)	370,100	353,800
Retirement (defined contribution)	369,800	346,900
Workers' compensation	21,800	21,800
Building occupancy and rent	841,000	841,000
Total	\$3,094,700	\$2,973,300

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

N. OTHER ISSUES

Other adjustments include \$380,800 for judges' retirement defined contribution, \$132,100 associated with the employer's share of social security costs for judges, a reduction of \$108,400 based on the number of probate judges, \$75,000 for a drug court training conference, \$25,300 for rent increases, \$369,500 based on available Federal and restricted revenue, a reduction of \$489,000 based on available funding, a funding shift of \$435,000 from Court fee fund revenue to State General Fund, a net funding shift of \$276,700 from Federal to State General Fund related to the Foster Care Review Board Program, elimination of \$4,200,000 in one-time costs included in the FY 1999-2000 supplemental, and other funding adjustments.

Gross	(3,814,700)
IDG	(40,000)
Federal	(251,200)
Private	(380,000)
Restricted	(85,000)
GF/GP	(3,058,500)

**LEGISLATIVE AUDITOR GENERAL
P.A. 276 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	14,343,400	14,893,700	15,059,700	716,300	5.0
Less:					
Interdepartmental Grants Received	1,527,100	1,609,600	1,609,600	82,500	5.4
ADJUSTED GROSS	12,816,300	13,284,100	13,450,100	633,800	4.9
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	12,816,300	13,284,100	13,450,100	633,800	4.9
Less:					
Other State Restricted Funds	293,800	266,600	266,600	(27,200)	(9.3)
GENERAL FUND/GENERAL PURPOSE .	12,522,500	13,017,500	13,183,500	661,000	5.3
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

A. FIELD OPERATIONS

Gross 169,700
GF/GP 169,700

The budget includes \$150,000 for 3.0 additional auditor positions and \$19,700 for additional training costs for audit staff.

B. RENT ADJUSTMENT

Gross (41,100)
GF/GP (41,100)

The budget reduces funding for rent based on a new blended rate for State occupancy in the Victor Office Center.

C. UNCLASSIFIED SALARIES

Gross 14,400
GF/GP 14,400

The budget includes a 5.8% increase for the Auditor General, from \$118,000 to \$124,900. The unclassified line item that funds 2.0 FTEs is also increased by 5.8%, from \$128,200 to \$135,700.

D. ECONOMIC ADJUSTMENTS

Gross 573,300
IDG 82,500
Restricted (27,200)
GF/GP 518,000

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$253,400	\$198,100
Insurance	119,700	119,700
Retirement (defined benefit)	124,100	124,100
Retirement (defined contribution)	76,100	76,100
Total	\$573,300	\$518,000

**LEGISLATURE
P.A. 276 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	104,553,500	106,337,900	106,420,700	1,867,200	1.8
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	104,553,500	106,337,900	106,420,700	1,867,200	1.8
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	400,000	400,000	400,000	0	0.0
TOTAL STATE SPENDING	104,153,500	105,937,900	106,020,700	1,867,200	1.8
Less:					
Other State Restricted Funds	1,041,800	1,041,800	1,041,800	0	0.0
GENERAL FUND/GENERAL PURPOSE	103,111,700	104,896,100	104,978,900	1,867,200	1.8
PAYMENTS TO LOCALS	0	0	0	0	0.0

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

The supplemental includes \$1,000,000 for census tracking/reapportionment costs and \$400,000 for the Capitol Building related to reconstruction of fourth floor committee rooms for the House of Representatives.

B. HOUSE OFFICE BUILDING ADJUSTMENTS

Gross	326,100
GF/GP	326,100

The budget provides additional funding for the House Office Building related to maintenance, utilities, and lease costs. Funding is increased from \$6,500,000 to \$6,826,100.

C. STATE OFFICERS COMPENSATION COMMISSION (SOCC) DETERMINATIONS

Gross	265,400
GF/GP	265,400

The budget includes \$67,100 for costs associated with SOCC determinations for the last quarter of 2000. The budget also includes \$198,300 for the estimated impact of SOCC future determinations related to 2001.

D. ECONOMIC ADJUSTMENTS

Gross	2,516,700
GF/GP	2,516,700

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$958,500	\$958,500
Insurance	722,800	722,800
Retirement (defined benefit)	482,400	482,400
Retirement (defined contribution)	353,000	353,000
Total	\$2,516,700	\$2,516,700

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

E. OTHER ISSUES

Gross	(1,241,000)
GF/GP	(1,241,000)

The budget includes an additional \$69,300 for House ADP costs, \$6,800 related to Farnum Building utilities, \$12,300 for national association dues, \$90,500 for Legislative Retirement System health care costs, a \$100 adjustment to the former Legislative Session Integration System line item which is now renamed as "E-Law, Legislative Council Technology Enhancement Project", elimination of \$20,000 related to the dissolved Michigan Energy and Resources Research Association (MERRA), and elimination of \$1,400,000 related to one-time costs included in the FY 1999-2000 supplemental.

**LIBRARY OF MICHIGAN
P.A. 276 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	38,977,400	39,434,200	39,916,700	939,300	2.4
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	38,977,400	39,434,200	39,916,700	939,300	2.4
Less:					
Federal Funds	4,557,400	4,557,400	4,557,400	0	0.0
Local and Private	75,000	75,000	75,000	0	0.0
TOTAL STATE SPENDING	34,345,000	34,801,800	35,284,300	939,300	2.7
Less:					
Other State Restricted Funds	86,900	86,900	86,900	0	0.0
GENERAL FUND/GENERAL PURPOSE .	34,258,100	34,714,900	35,197,400	939,300	2.7
PAYMENTS TO LOCALS	21,661,000	21,783,200	21,783,200	122,200	0.6

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

A. SUBREGIONAL STATE AID

Gross 50,000
GF/GP 50,000

The budget increases Subregional State Aid from \$554,300 to \$604,300. The funding is used to support 12 libraries that provide materials to the blind and physically handicapped.

B. BOOK DISTRIBUTION CENTERS

Gross 18,500
GF/GP 18,500

The budget increases funding for two book distribution centers from \$313,500 to \$332,000. The centers are 501c(3) organizations that obtain donations of publications and distribute the materials to child care centers, shelters, literacy programs, hospitals, nursing homes, and other groups.

C. ECONOMIC ADJUSTMENTS

Gross 346,800
GF/GP 346,800

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$164,600	\$164,600
Insurance	81,800	81,800
Retirement (defined benefit)	50,800	50,800
Retirement (defined contribution)	49,600	49,600
Total	\$346,800	\$346,800

D. OTHER ISSUES

Gross 524,000
GF/GP 524,000

The budget increases Library Automation from \$728,400 to \$750,300 and funding for renaissance zone reimbursement (pursuant to Public Act 376 of 1996) from \$428,800 to \$501,000. General Fund support for the Statewide Database Access Project was increased by \$429,900 from \$650,000 to \$1,079,900, based on reduced Federal funding.

DEPARTMENT OF MANAGEMENT AND BUDGET
P.A. 276 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	944.0	961.5	961.5	17.5	1.9
GROSS	176,548,900	163,529,800	163,529,800	(13,019,100)	(7.4)
Less:					
Interdepartmental Grants Received	52,476,200	72,113,300	72,113,300	19,637,100	37.4
ADJUSTED GROSS	124,072,700	91,416,500	91,416,500	(32,656,200)	(26.3)
Less:					
Federal Funds	726,700	550,500	550,500	(176,200)	(24.2)
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	123,346,000	90,866,000	90,866,000	(32,480,000)	(26.3)
Less:					
Other State Restricted Funds	42,898,000	43,905,200	43,905,200	1,007,200	2.3
GENERAL FUND/GENERAL PURPOSE .	80,448,000	46,960,800	46,960,800	(33,487,200)	(41.6)
PAYMENTS TO LOCALS	0	0	0	0	0.0

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

1. Arts and Cultural Grants

The supplemental includes an \$11,100,000 appropriation for arts and cultural grants. The grants are distributed through a competitive application process to arts and cultural organizations.

2. Council of State Governments Annual Meeting

The supplemental appropriation of \$350,000 will pay for the annual meeting to be held in Dearborn, Michigan, in December of 2000.

3. E-Michigan

The supplemental includes a \$2,000,000 Restricted and \$21,200,000 GF/GP appropriation for purchasing the hardware and software necessary to develop a website delivering State service to citizens. It also will pay for the redesign of the current State web page and integrate the services of multiple departments for consumer-friendly service.

4. EFT/Vendor Enrollment

The supplemental appropriation of \$2,000,000 will make possible the electronic transfer of State payments to vendors and other payees. The system also allows vendors to register on-line to do business with the State.

5. Census and Redistricting

The supplemental includes a \$500,000 appropriation for support services for redistricting based on the 2000 Census. Services include: community assistance, website development, data analysis, map creation, and distribution.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

B. RENT AND OPERATIONAL COSTS ADJUSTMENT

In a change from current practice, the Department of Management and Budget will assume responsibility for paying rent on leases of private buildings used by State agencies. Currently, each agency is responsible for paying rent on the buildings it uses. The increase shown in the FY 2000-01 budget reflects this change in procedure. Each agency or department will pay the Department of Management and Budget in the form of an interdepartmental grant.

Gross	16,929,200
IDG	16,929,200
GF/GP	0

C. STATE POLICE LAB

The State Police Lab at the Secondary Complex will open during the late summer of 2000. It will be maintained by the Department of Management and Budget. The budget includes an increase in building and occupancy charges for maintenance and operation of the lab building.

Gross	1,547,300
IDG	1,547,300
GF/GP	0

D. ELECTRONIC RECORDS MANAGEMENT

The budget includes an increase to improve the Records and Forms Management program. Funds will be used to improve technology for managing the Records Center, as well as to review, implement, and maintain prevailing information technology standards.

Gross	116,900
GF/GP	116,900

E. JUDGES' RETIREMENT SYSTEM ONGOING ADMINISTRATIVE COSTS

The budget includes an increase for the Office of Retirement Services for costs associated with implementing changes to the Judges' Retirement System. Funds will be used for legal and administrative costs.

Gross	510,000
Restricted	510,000
GF/GP	0

F. HEALTH INSURANCE RESERVE FUND PAYMENT

This increase reflects the actuarial savings of the State due to the implementation of the defined contribution retirement plan. Beginning with FY 2000-01, this estimate will appear in the Department of Management and Budget section of the General Government bill.

Gross	412,200
GF/GP	412,200

G. PROGRAM TRANSFERS

The budget includes the transfer of administration for the deferred compensation program from the Department of Treasury. The transfer moves 17.5 FTEs.

FTE	17.5
Gross	2,972,100
Restricted	2,774,800
GF/GP	197,300

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

H. UNCLASSIFIED SALARIES

Gross 32,900
GF/GP 32,900

The budget increases the line item that funds 6.0 unclassified positions by 6.4%, from \$515,700 to \$548,600.

I. ECONOMIC ADJUSTMENTS

Gross 3,302,300
IDG 1,017,200
Restricted 1,198,800
GF/GP 1,086,300

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$1,522,800	\$344,100
Insurance	614,000	235,500
Retirement	1,321,400	506,700
Workers compensation	(155,900)	0
Total	\$3,302,300	\$1,086,300

J. OTHER ISSUES

Gross (38,842,000)
IDG 143,400
Federal (176,200)
Restricted (3,476,400)
GF/GP (35,332,800)

Other issues include adjustments for interdepartmental grants, restricted fund sources, and adjustments made due to the Statewide Cost Allocation Plan (SWCAP). The SWCAP is a mechanism by which the State identifies and allocates costs incurred for a joint purpose that benefits more than one program or function. The budget also reflects elimination of one-time costs included in the FY 1999-2000 supplemental appropriation.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
P.A. 266 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,077.0	1,081.0	1,081.0	4.0	0.4
GROSS	97,499,000	100,522,700	101,172,700	3,673,700	3.8
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	97,499,000	100,522,700	101,172,700	3,673,700	3.8
Less:					
Federal Funds	33,444,400	35,952,600	35,952,600	2,508,200	7.5
Local and Private	395,000	375,000	375,000	(20,000)	(5.1)
TOTAL STATE SPENDING	63,659,600	64,195,100	64,845,100	1,185,500	1.9
Less:					
Other State Restricted Funds	23,059,100	22,988,200	22,988,200	(70,900)	(0.3)
GENERAL FUND/GENERAL PURPOSE .	40,600,500	41,206,900	41,856,900	1,256,400	3.1
PAYMENTS TO LOCALS	111,900	120,000	120,000	8,100	7.2

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

The supplemental includes:

\$500,000 for the construction of the Michigan Vietnam Veteran's Memorial.

\$400,000 for the Grand Rapids Veteran's Facility to install a hydrotherapy pool.

B. VETERAN'S SERVICE ORGANIZATIONS

Gross	219,900
GF/GP	219,900

The FY 2000-01 budget includes a 6% increase for grants to State veteran's service organizations.

C. D.J. JACOBETTI VETERANS HOME

Gross	230,100
GF/GP	230,100

The budget includes an increase for the home to support cost increases for food and housekeeping services.

D. SPECIAL MAINTENANCE

Gross	180,000
GF/GP	180,000

The budget includes additional funds for maintenance of State armories and training facilities.

E. CIVIL AIR PATROL

Gross	20,000
GF/GP	20,000

The budget includes a \$20,000 grant to the Michigan wing of the Civil Air Patrol to assist search and rescue activities.

F. CHALLENGE PROGRAM

FTE	4.0
Gross	0
Federal	(163,300)
GF/GP	163,000

The budget includes adjustments to the Challenge Program, a "boot camp" program designed for at-risk youth, to reflect changing GF/GP match requirements with Federal funds received. The total FY 2000-01 budget for the program includes 4.0 FTEs and \$2,808,400.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

G. TRAINING SITES

The budget includes an increase in the hiring of seasonal employees necessary for the operation of Camp Grayling and Alpena training sites due to an increase in the number of training dates anticipated for FY 2000-01.

Gross	1,000,000
Federal	1,000,000
GF/GP	0

H. RESERVE COMPONENT AUTOMATION SYSTEM

The budget includes the appropriation of additional Federal funds to continue the process of establishing the Reserve Component Automation System, a telecommunications system that links electronically all armories throughout the State and nation.

Gross	335,000
Federal	335,000
GF/GP	0

I. STARBASE PROGRAM

The budget includes an increase to the Federally funded Starbase Program, an educational program that provides school students with math and science experiences. The funds will expand the Mt. Clemens-based program into the City of Detroit.

Gross	152,000
Federal	152,000
GF/GP	0

J. UNCLASSIFIED SALARIES

The budget includes a 3% salary increase for unclassified military personnel, plus a 1.8% increase to equal the Federal guideline for State military pay, which called for a 4.8% increase.

Gross	38,000
GF/GP	38,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

K. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Economic adjustment totals include funds listed under adjustments for the Challenge Program and unclassified salaries.

Gross	3,342,900
Federal	1,314,500
Restricted	623,200
GF/GP	1,405,200

Item	Gross	GF/GP
Salaries and wages	\$1,108,300	\$453,500
Insurance	607,600	236,400
Retirement	1,279,600	491,800
Medical	163,400	62,100
Food	36,400	13,800
Building occupancy	6,900	6,900
Workers' compensation	140,700	140,700
Total	\$3,342,900	\$1,405,200

L. OTHER ISSUES

The budget includes technical spending adjustments, including an additional \$792,900 for the Grand Rapids Veterans Home (\$837,000 Federal in combination with a reduction of \$44,100 Restricted), a reduction of \$100,000 GF/GP for Headquarters and Armories, an elimination of the token appropriation of \$100 for per diem payments that have been discontinued, and adjustments for one-time supplemental appropriations from P.A. 291 of 2000 and contingency fund transfers.

Gross	(1,844,200)
Federal	(130,000)
Private	(20,000)
Restricted	(694,100)
GF/GP	(1,000,000)

DEPARTMENT OF NATURAL RESOURCES
P.A. 267 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	2,237.5	2,237.5	2,246.5	9.0	0.4
GROSS	276,967,700	254,238,400	255,442,800	(21,524,900)	(7.8)
Less:					
Interdepartmental Grants Received	4,955,100	3,679,400	3,679,400	(1,275,700)	(25.7)
ADJUSTED GROSS	272,012,600	250,559,000	251,763,400	(20,249,200)	(7.4)
Less:					
Federal Funds	26,371,700	24,649,100	24,649,100	(1,722,600)	(6.5)
Local and Private	1,768,600	1,728,900	1,728,900	(39,700)	(2.2)
TOTAL STATE SPENDING	243,872,300	224,181,000	225,385,400	(18,486,900)	(7.6)
Less:					
Other State Restricted Funds	166,127,300	168,457,100	169,426,800	3,299,500	2.0
GENERAL FUND/GENERAL PURPOSE	77,745,000	55,723,900	55,958,600	(21,786,400)	(28.0)
PAYMENTS TO LOCALS	22,485,100	23,868,700	22,668,700	183,600	0.8

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

1. \$2,400,000 GF/GP to bring the balance of the Nongame Fish and Wildlife Trust Fund to its statutory maximum of \$6,000,000. As a result, the income tax checkoff for this fund is eliminated in the 2000 tax year. This supplemental effectively reduces revenue for the programs supported with the Fund, as the Department currently is able to use the earnings on the Fund, as well as 80% of the revenue generated annually by the tax checkoff (approximately \$600,000 per year) to support program activities. Spending now is limited to the earnings of the Fund only.
2. \$17,000,000 GF/GP for the Great Lakes fishing settlement and gill net removal. The funds will support the tribal acquisition of the commercial trap net fishery in northern Lake Michigan, trap net operations and deepwater small mesh gill net operations for new tribes, trap net fishing methods training, and law enforcement and biological assessment efforts, both tribal and departmental.
3. \$4,500,000 GF/GP for the eradication of bovine tuberculosis from the deer herd.
4. \$1,500,000 GF/GP for the purchase and installation of computers in the patrol cars of conservation officers.
5. \$850,000 GF/GP for forest fire protection.

6. \$7,806,700 in State restricted and Federal sources of funding for a variety of projects that include \$960,000 from the Game and Fish Protection Fund for a salmon harvest contract and for costs associated with the tribal fishing rights negotiations; \$312,000 from the Department of Environmental Quality for fishing and recreation development projects in accordance with an environmental settlement; \$142,900 from the Off-Road Vehicle Trail Improvement Fund to implement a congestion-alleviating voucher system at Silver Lake State Park, and \$750,000 from the Park Improvement Fund to provide up to a \$2 per hour increase in the rate of pay for seasonal State Park employees; \$1,500,000 from the uncommitted balance in the Snowmobile Trail Improvement Fund for trail maintenance, and \$500,000 in snowmobile registration fees for snowmobile law enforcement grants; \$1,023,500 from the Federal Department of the Interior (DOI) for a two-year grant to create maps from aerial photographs in order to update and improve the Geographical Information System; \$1,300,000 from the Federal Department of Transportation for the National Recreation Trails Program for trail maintenance; \$1,200,000 in residual Federal DOI funds for the Land and Water Conservation Fund Program; and \$218,000 in other State restricted funds for real estate transaction costs in the Farmland and Open Space Preservation Program, for payments to local governments in lieu of taxes on State-owned property, and for Federally required post completion audits of grants awarded under the Land and Water Conservation Fund Program.

B. FOREST RESOURCE MANAGEMENT

Gross	0
Restricted	(2,535,000)
GF/GP	2,535,000

1. Forest Development Fund

Revenue from the sale of State forest timber deposited to the Forest Development Fund is projected to fall off in FY 2000-01. To maintain support of the Department's Forest Resource Management Program, the FY 2000-01 budget offsets the projected loss of Forest Development Fund revenue with money from the State General Fund.

2. Timber Harvest Language

Gross	NA
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The House, Senate, and enacted budgets revised FY 1999-2000 language setting minimum timber marking requirements at 855,000 cords to require the Department to mark and offer for sale not less than 855,000 cords or 69,000 acres, at an average rate of 12.5 to 13.0 cords per acre. The Governor's proposed language set the minimums at 855,000 cords or 60,000 acres, with no specification of the number of cords per acre.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C.	COOPERATIVE RESOURCE PROGRAM - TREE PLANTING	Gross GF/GP	540,000 540,000
	The budget includes an enhancement to an ongoing program that supports, through the coordination of public agencies and private conservation groups, efforts in promoting more effective management of landscapes across the State. The new funding will support tree planting initiatives in urban and suburban areas.		
D.	TAX REVERTED PROPERTY CLEANUP	Gross GF/GP	(100,000) (100,000)
	The Governor's budget eliminated a \$250,000 General Fund appropriation for grants to communities for the cleanup of tax reverted properties. The House, Senate, and enacted budgets retained 60% of the funding to continue the program.		
E.	LAKE LEVEL ASSESSMENTS	Gross GF/GP	200,000 200,000
	The budget includes funding to cover the costs of local lake level assessments the Department might be ordered to pay in FY 2000-01.		
F.	SWIMMER'S ITCH STUDY	Gross GF/GP	0 0
	The Governor and House eliminated the \$85,000 GF/GP appropriated for a grant to Michigan State University to conduct a study into the causes and possible remedies for swimmer's itch. The Senate and enacted budgets retained the funding to continue with the third year of the projected five-year study.		
G.	MICHIGAN CIVILIAN CONSERVATION CORP ENDOWMENT FUND	Gross Restricted GF/GP	1,000,000 1,000,000 0
	Additional money from the Michigan Civilian Conservation Corp Endowment Fund was provided to employ young, unemployed, low income individuals to assist the Department's efforts in State Park infrastructure maintenance.		
H.	GREAT LAKES ECOLOGICAL INFORMATION CENTERS	Gross Restricted GF/GP	1,000,000 1,000,000 0
	Money from the Game and Fish Protection Fund will support operating costs at the six Great Lakes Ecological Information Centers that are located at fish hatcheries around the State.		

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

I. TRIBAL FISHING RIGHTS NEGOTIATIONS

The budget includes an increase from the Game and Fish Protection Fund to support the costs associated with negotiating a new agreement on tribal fishing rights on State waters, bringing total funding for this effort to \$1,000,000.

Gross	240,000
Restricted	240,000
GF/GP	0

J. WILDLIFE BIOLOGISTS

The House, Senate, and enacted budgets provide an increase in funding from the Game and Fish Protection Fund to establish a wildlife biologist position at each wildlife management unit.

FTEs	8.0
Gross	600,000
Restricted	600,000
GF/GP	0

K. OFF-ROAD VEHICLE GRANTS

The budget uses available fee revenue to increase funding for local grants for off-road vehicle law enforcement efforts and off-road vehicle trail maintenance.

Gross	500,000
Restricted	500,000
GF/GP	0

L. TRAILS SPECIALIST

The House, Senate and enacted budgets include new funding from the Off-Road Vehicle Trail Improvement and the Recreation Improvement Funds for a southeastern Michigan trails specialist position. Language was included to allocate the new funds to the Michigan Rails-to-Trails Conservancy for the establishment of a greenway specialist position, whose function is to coordinate trails development, to work with local agencies to implement a greenways project, and to provide education and outreach in developing a seven-county trail network.

FTEs	1.0
Gross	70,000
Restricted	70,000
GF/GP	0

M. ADOPT-A-FOREST

The House provided a combination of forest resource and scrap tire regulatory fund revenue for an Adopt-A-Forest Program. The Senate and enacted budgets include forest resource revenue only to fund the new Program.

Gross	50,000
Restricted	50,000
GF/GP	0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

N. FEE INCREASES

The Governor's proposed budget included appropriations from revenue from increased State forest user fees. The proposal was to increase the user fee for daily camping from \$6 to \$8, and to implement a new \$15 disbursed camping fee that would allow 15 consecutive days of camping on State forest land. The House, Senate, and enacted budgets include the same level of appropriations from revenue from State forest user fees as proposed by the Governor, but also include language prohibiting the assessment of the proposed disbursed camping fee. Legislation is not required to implement the fees.

Gross	425,000
Restricted	425,000
GF/GP	0

O. UNCLASSIFIED SALARIES

The budget includes a 13.8% increase for unclassified salaries, bringing total unclassified salary funding to \$461,900.

Gross	55,900
IDG	500
Restricted	48,100
GF/GP	7,300

P. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	6,375,000
IDG	94,300
Federal	458,000
Private	30,300
Restricted	4,547,300
GF/GP	1,245,100

Item	Gross	GF/GP
Salaries and wages	\$2,693,800	\$487,000
Insurance	1,230,900	211,700
Retirement	2,204,400	396,800
Building occupancy and rent	150,100	133,100
Other	95,800	16,500
Total	\$6,375,000	\$1,245,100

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

Q. OTHER ISSUES

Other budget changes include adjustments to reflect the availability of various Federal and State restricted sources of financing, statutorily based inflationary adjustments in the State parks and stream habitat programs, a technical adjustment eliminating an intradepartmental transfer for information systems support, and the elimination of \$31,837,400 Gross, \$26,250,000 GF/GP in one-time supplemental and contingency fund transfer items.

Gross	(32,480,800)
IDT	(1,370,500)
Federal	(2,180,600)
Private	(70,000)
Restricted	(2,645,900)
GF/GP	(26,213,800)

**SCHOOL AID
P.A. 297 of 2000**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 ENACTED	FY 2000-01 YEAR-TO-DATE	FY 2000-01 ENACTED	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	10,200,829,300	10,599,374,600	10,932,335,000	332,960,400	3.1
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	10,200,829,300	10,599,374,600	10,932,335,000	332,960,400	3.1
Less:					
Federal Funds	125,000,000	120,000,000	145,000,000	25,000,000	20.8
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	10,075,829,300	10,479,374,600	10,787,335,000	307,960,400	2.9
Less:					
Other State Restricted Funds	9,655,215,800	10,058,761,100	10,401,721,500	342,960,400	3.4
GENERAL FUND/GENERAL PURPOSE	420,613,500	420,613,500	385,613,500	(35,000,000)	(8.3)
PAYMENTS TO LOCALS	9,927,476,500	10,432,211,700	10,667,335,000	235,123,300	2.3

**Change from
FY 1999-2000
Year-to-Date**

The School Aid budget for FY 2000-01 was originally enacted in Public Act 119 of 1999 as part of the second supplemental for FY 1999-2000 and the third supplemental for FY 1998-99. Public Act 297 of 2000 includes supplemental items for both FY 1999-2000 and FY 2000-01 as well as first-time appropriations for FY 2001-02 and FY 2002-03. All of these appropriations are described below.

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

1. Special Education

The supplemental reduces the Special Education appropriation due to actual costs' being lower than previously estimated. Estimates of special education costs were used to develop the budget in the previous year and the amounts necessary to comply with the *Durant* court ruling are actually lower than originally estimated.

Gross	(7,011,100)
Federal	5,000,000
Restricted	(12,011,100)

2. Foundation Allowance

The supplemental increases the basic foundation allowance for FY 1999-2000 by \$4 to \$5,700. However, a reduction in the amount appropriated was made due to fewer pupils than anticipated and changes in property taxable values. There are 11,200 pupils fewer than originally estimated actually enrolled in Michigan public schools in FY 1999-2000; thus, a reduction in the appropriation is warranted.

Gross	(98,332,000)
Restricted	(98,332,000)

3. Payments to Hold Harmless Districts

The supplemental increases the appropriation to fully fund payments to hold harmless districts to ensure that they receive their full foundation allowance. The original appropriation was underestimated; therefore, additional funding is necessary to make the additional payments to hold harmless districts that, because of the limitation on the of number of mills they may levy, are prevented from receiving their full foundation allowances without this additional payment.

Gross	7,400,000
Restricted	7,400,000

		Change from FY 1999-2000 <u>Year-to-Date</u>
4. Golden Apple MEAP Incentive Program	Gross	8,000,000
	Restricted	8,000,000
<p>The Governor originally recommended and the House and Senate concurred in an appropriation of \$8,000,000 for a new program, the Golden Apple MEAP Incentive Program, to award grants of \$1,000 to all employees of school buildings that show the most improvement in their MEAP scores. A building itself will receive a \$10,000 grant. The teachers must pool their \$1,000 allocations to be used for school improvements. The improvements are to be decided upon collectively. There are an estimated 169 buildings that will be eligible for the grants. Forty of the grants will be awarded to the 10 highest achieving buildings in each athletic class. Highest achieving is defined as those buildings with an 80% or more participation rate in the MEAP tests and with the highest combined scores in Math, Science, Reading, and Writing on the 1999 test. The remaining 129 grants will be awarded to those buildings that show the most improvement (defined as a 60-point or higher improvement in Math, Science, Reading, and Writing) over the most recent two years (1997-98 and 1998-99) and have a participation rate of at least 80%.</p>		
5. Michigan TANF Summer Enrichment Program	Gross	10,000,000
	GF/GP	10,000,000
<p>The Governor originally proposed and the House and Senate concurred in new, one-time funding of \$10,000,000 for a program to be administered by the Family Independence Agency in conjunction with their Temporary Assistance for Needy Families (TANF) program. The program will provide educational and child care services for the children of needy families so that the parents can work.</p>		
6. Database for Education and Performance Information (DEPI)	Gross	10,000,000
	Restricted	10,000,000
<p>The supplemental appropriates \$10,000,000 for a new program that will improve the quality and use of information and make that information available to parents. Through the DEPI, currently available school district data and reports will be collected and centrally organized to create a single, comprehensive database containing all school-related data. This information will be available online. The program will be conducted in partnership with Standard and Poor's.</p>		

		Change from FY 1999-2000 <u>Year-to-Date</u>
7. Teacher Technology Initiative	Gross	110,000,000
	Restricted	110,000,000
The supplemental appropriates \$110,000,000 to provide up to \$1,200 per teacher for the purchase of a computer, or, if agreed to by a majority of a school building's teachers and administration, for building or classroom technology improvements or teacher professional development in technology.		
8. Other Issues	Gross	(68,800)
	Restricted	(68,800)
The FY 1999-2000 supplemental includes miscellaneous adjustments in appropriations for school lunch programs, intermediate school districts (ISD) millage equalizations, and adjustments for lost revenue due to changes in taxable values.		
9. Vetoes		N/A
The Governor vetoed a \$50,000,000 program that would have allowed cash-flow borrowing by districts with negative or very low fund balances. This program would have been set up as a revolving fund, whereby eligible districts could borrow early in their fiscal years, then pay back the owed amounts at the end of the school year, making those dollars available for the subsequent fiscal year.		

B. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. New Funding Method

N/A

The Governor recommended and the House and Senate concurred with the introduction of the first year of a change to the new funding method for foundation allowance and special education payments in order to comply with the *Durant I* and *Durant II* court settlements to ensure that districts receive their guaranteed FY 1994-95 foundation allowance and their court-required special education payments. These payments will be calculated as they are currently; however, they will be paid out in three separate payments. First, the amount due a district will be calculated under the current method. Then, the first payment to a district will be an amount equal to its 1994-95 foundation allowance times all pupils (general education and special education pupils). The second payment will be the special education payment that will be equal to the requirements under the *Durant I* and *II* settlements (70% of special education transportation costs and 28% of special education costs). The third payment will be a payment to ensure that each district will receive the full amount of what it would have received under the current calculation that is not accounted for in the first or second payment. Because of the change in the payment methods, the result is a decrease in the appropriations for both the foundation allowance section and the special education section. These are described below.

2. Foundation Allowance

Gross	(8,906,496,200)
Restricted	(8,906,496,200)

This fiscal year begins the first year of a two-year phase-in to bring all school districts up to a minimum foundation allowance of \$6,500 per pupil in FY 2001-02. The increase of \$170 per pupil in the basic foundation allowance enacted in P.A. 119 of 1999 is increased an additional \$130 to a total of \$300 per pupil or a 5.3% increase over FY 1999-2000. The appropriation is reduced due to the new payment method and fewer pupils than anticipated. New estimates indicated that there will be 20,000 fewer pupils enrolled in Michigan public schools in FY 2000-01 than originally estimated.

		Change from FY 1999-2000 <u>Year-to-Date</u>
3. Proposal A Obligation Payment	Gross	7,181,000,000
	Restricted	7,181,000,000
A new line item is created to fund the first part of the new funding method to ensure that districts receive their FY 1994-95 foundation allowance. Payments will be based on a district's FY 1994-95 foundation allowance times the district's current-year general education and special education pupils.		
4. Special Education	Gross	(75,130,700)
	Federal	25,000,000
	Restricted	(100,130,700)
There is once again a reduction in the appropriation due to the new payment method and fewer than estimated pupils. The revised special education appropriation will be used to make the payment for the second part of the new funding mechanism, the required <i>Durant</i> payment. Federal grants are anticipated to increase by \$25,000,000.		
5. Discretionary Payment	Gross	1,811,000,000
	Restricted	1,811,000,000
There is created a new line item to fund the third payment of the new funding method. The payment will be made to districts to ensure that they receive the full amount of funding calculated under the original funding method.		
6. At-Risk	Gross	25,223,300
	Restricted	25,223,300
At-Risk funding is increased to prevent a proration of this section and to correspond to the \$130 per pupil increase in the FY 2000-01 basic foundation allowance as required by law. Total funding for At-Risk payments is increased to \$304,000,000, a 12.2% increase over FY 1999-2000.		
7. School Readiness	Gross	32,600,000
	Restricted	17,600,000
	GF/GP	15,000,000
The supplemental increases funding by \$32,600,000. The first \$17,600,000 is appropriated so that the program can serve currently unserved preschool aged children. The remaining \$15,000,000 is provided to expand the current program to provide more full-day early childhood centers.		

		Change from FY 1999-2000 <u>Year-to-Date</u>
8. Adult Education	Gross GF/GP	20,000,000 20,000,000
The Governor proposed and the House and Senate concurred in the creation of a new program to be administered by the Department of Career Development. The new program is designed as a simplified approach for adult students to receive the services they need. Students may go to any Michigan Works! Service center or an affiliated service provider to receive counseling, skill level assessment, and referral to an adult learning provider.		
9. Golden Apple	Gross Restricted	8,000,000 8,000,000
The Golden Apple program is maintained at the same funding level as in the previous fiscal year.		
10. Elementary Summer School Program	Gross Restricted	38,000,000 38,000,000
The Governor proposed and the House and Senate concurred with a new program designed to provide a summer school opportunity for 2 nd , 3 rd , and 4 th graders who are below grade level in reading or math.		
11. Michigan Virtual High School	Gross GF/GP	15,000,000 15,000,000
The Governor proposed and the House and Senate concurred with funding to create a program that provides an opportunity to high school students on a State-wide basis to participate in advanced courses that otherwise might not be available to them through their local district. The courses will be provided via the Internet through the Michigan Virtual High School located at Michigan State University.		
12. DEPI	Gross Restricted	2,160,000 2,160,000
The FY 2000-01 supplemental includes a reduced appropriation for the DEPI. The appropriated amount is reduced because the program needs funding only to maintain the previously created database.		

		Change from FY 1999-2000 <u>Year-to-Date</u>	
13. Infrastructure		Gross	34,000,000
		Restricted	34,000,000
<p>The FY 2000-01 supplemental includes a \$34,000,000 appropriation for the awarding of infrastructure project grants to eligible districts (those whose taxable values are in the lowest 10%), with grant amounts equal to the lesser of 12.5% of the bond or \$5,000,000. However, this appropriation cannot be spent until the tie-bar in P.A. 290 of 2000 is amended, necessary because the tie-bar refers to funding another infrastructure program, which was vetoed.</p>			
14. All Students Achieve Program (ASAP)		Gross	115,000,000
		Restricted	115,000,000
<p>The supplemental includes \$45,000,000 for an early childhood program (ages 0-5) to teach parents and children to be more prepared for the children to enter school, and \$10,000,000 for counseling services and tuition grants. These programs, along with an additional \$10,000,000 for small class size, school readiness, reading programs, and elementary summer school programs, comprise the new ASAP. The reading program initiative also contains expanded funding (\$45,000,000) and grants to regional literacy centers (\$5,000,000) to promote use of the Michigan Literacy Progress Profile.</p>			
15. Other		Gross	32,604,000
		Restricted	117,604,000
		GF/GP	(85,000,000)
<p>Other funding included in the FY 2000-01 supplemental contains \$15,000,000 for grants to reconstituted or taken-over districts, increases in the gifted/talented and Math/Science center programs, grants to higher education institutions to focus on autism centers, and adjustments in school lunch, ISD operations, and ISD millage equalizations.</p>			
16. Vetoes			N/A
<p>The Governor vetoed an \$18,000,000 school construction interest waiver program, \$15,000,000 for grants to districts with high percentages of special education pupils and \$100,000 for a portion of the court-placed pupils program.</p>			

C. FY 2001-02 AND FY 2002-03 APPROPRIATIONS

1. Foundation Allowance (FY 2001-02)

N/A

Public Act 297 of 2000 brings all districts to a minimum foundation allowance of \$6,500 in FY 2001-02. The basic foundation allowance is increased by 5.0% or \$300 to \$6,300 per pupil. In addition, any school district with a foundation allowance below \$6,500 per pupil will receive an equity payment of up to \$200 per pupil to ensure that all districts have a minimum foundation allowance of \$6,500. As in FY 2000-01, this amount is used only for calculation purposes to determine the amount a district will receive via the new funding mechanism.

2. Foundation Allowance (FY 2002-03)

N/A

Public Act 297 of 2000 increases the basic foundation allowance by 3.1% or \$200 to \$6,700. Again, this amount is used only for calculation purposes to determine the amount a district will receive via the new funding mechanism.

3. Remaining Line Items

N/A

The following table outlines the remaining line items for both FY 2001-02 and FY 2002-03, which are similar to the appropriations for the previous fiscal year.

**Change from
FY 1999-2000
Year-to-Date**

Item	FY 2001-02 Appropriation	FY 2002-03 Appropriation	Source
Special Education	\$805,861,900	\$863,811,900	Restricted
Proposal A Obligation Payment	7,088,000,000	7,004,000,000	Restricted
Discretionary Payment	2,324,000,000	2,805,000,000	Restricted
At-Risk	319,200,000	329,095,200	Restricted
School Readiness	72,600,000	72,600,000	Restricted
School Readiness	25,200,000	30,200,000	GF/GP
Adult Education	80,000,000	80,000,000	Restricted
Adult Learning Program	20,000,000	20,000,000	GF/GP
Golden Apple	8,000,000	8,000,000	Restricted
Elementary Summer School Program	38,000,000	50,000,000	Restricted
Michigan Virtual High School	1,500,000	1,500,000	GF/GP
DEPI	2,332,000	2,519,000	GF/GP
Infrastructure Grants	34,000,000	34,000,000	Restricted
All Students Achieve Program	280,550,000	297,550,000	Restricted and GF/GP
Accreditation Assistance	5,000,000	10,000,000	GF/GP

4. Vetoes

N/A

For both FY 2001-02 and FY 2002-03, the Governor vetoed \$18,000,000 for school construction interest waiver payments, \$15,000,000 for grants to districts with high special education pupil populations, \$2,500,000 for competitive grants to higher education institutions to focus on autism centers, \$1,050,000 for grants to very small districts (fewer than 100 pupils), and \$100,000 for a portion of the court-placed pupils program operated by a particular district. Also, the Governor vetoed continued funding of the declining enrollments grants appropriated at \$17,400,000 and \$15,000,000 in FY 2001-02 and FY 2002-03, respectively.

DEPARTMENT OF STATE
P.A. 276 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	2,044.0	2,048.0	2,048.0	4.0	0.2
GROSS	182,210,500	187,725,200	186,385,200	4,174,700	2.3
Less:					
Interdepartmental Grants Received	56,830,800	55,668,000	54,904,200	(1,926,600)	(3.4)
ADJUSTED GROSS	125,379,700	132,057,200	131,481,000	6,101,300	4.9
Less:					
Federal Funds	3,112,100	2,704,700	2,704,700	(407,400)	(13.1)
Local and Private	500,100	501,600	501,600	1,500	0.3
TOTAL STATE SPENDING	121,767,500	128,850,900	128,274,700	6,507,200	5.3
Less:					
Other State Restricted Funds	60,983,300	64,344,500	63,144,500	2,161,200	3.5
GENERAL FUND/GENERAL PURPOSE	60,784,200	64,506,400	65,130,200	4,346,000	7.1
PAYMENTS TO LOCALS	69,800	69,800	69,800	0	0.0

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

1. Branch Computer Upgrade

The Secretary of State branch offices have been converting to a new computer system. The supplemental appropriation of \$395,200 enables the replacement of the operating system and allow implementation of new programming.

2. Historical Program

The Michigan Historical Center is preparing to move the storage of its collection to a new and larger facility. The supplemental appropriation of \$300,000 covers the cost of inventory and appraisal, development of a database for tracking, and packing supplies for the move.

B. SPECIALTY LICENSE PLATE PROGRAM

The FY 2000-01 budget includes funding for the expansion of the Specialty Plate program. Under this program, citizens will have the opportunity to purchase a plate with the logo of a State university or other charitable cause. Funds will be used for the development and creation of the plates, as well as for postage costs associated with the program.

Gross	2,000,000
IDG	2,000,000
GF/GP	0

C. COMMEMORATIVE LICENSE PLATES – MTF LAPSE

The budget reflects a reduction in Michigan Transportation Fund (MTF) funding that supports the Commemorative License Plate program. The State is able to replace this funding source with revenue received from the sale of specialty plates.

Gross	(6,500,000)
IDG	(6,500,000)
GF/GP	0

D. ELECTIONS ELECTRONIC DISCLOSURE

The budget includes funding for the creation of a new Elections Electronic Disclosure System. The system will allow for more timely availability of campaign funds disclosure. Under this system, candidates for office will be able to file their campaign finance reports electronically.

Gross	750,000
GF/GP	750,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

E. SOCIAL SECURITY NUMBER VERIFICATION

Public Act 330 of 1998 was enacted in response to the Federal Illegal Immigration Reform and Immigration Responsibility Act of 1996. The Federal Act requires states to collect and verify Social Security numbers from all drivers and personal identification card applicants beginning on October 1, 2000. The budget includes 1.0 FTE and an appropriation for ongoing costs associated with this program.

FTE	1.0
Gross	126,200
Federal	84,500
GF/GP	41,700

F. INFORMATION TECHNOLOGY STUDY

The budget includes funds so that the Department can conduct a study and implement recommendations regarding information technology issues. According to the Department, the current information technology infrastructure limits its ability to support business processes which, in some cases, leads to duplication of efforts.

Gross	2,000,000
IDG	1,500,000
GF/GP	500,000

G. MICHIGAN HISTORICAL PROGRAM

The budget includes funds to promote the Michigan Historical Museum system. According to the Department, this program will distribute educational materials in order to increase appreciation of Michigan history.

Gross	500,000
GF/GP	500,000

H. QUALIFIED VOTER FILE (QVF) HELP DESK

The budget includes additional funding for ongoing administrative costs related to the QVF Help Desk. The Help Desk assists local voter jurisdictions in administration of the QVF and the Michigan Election Law. The item includes an additional 3.0 FTEs.

FTE	3.0
Gross	208,400
GF/GP	208,400

I. UNCLASSIFIED SALARIES

The budget increases the line item that funds 6.0 FTE unclassified positions from \$444,500 to \$457,800. Economic adjustments for this line item amount to \$13,300, or a 3.0% increase over the FY 1999-2000 appropriation.

Gross	13,300
GF/GP	13,300

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

J. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	6,503,700
IDG	1,483,500
Federal	73,100
Private	1,500
Restricted	2,367,200
GF/GP	2,578,400

Item	Gross	GF/GP
Salaries	\$2,336,100	\$926,800
Insurance	1,263,800	465,900
Retirement	2,058,400	826,400
Workers' compensation	59,400	19,900
Building occupancy	786,000	339,400
Total	\$6,503,700	\$2,578,400

K. OTHER ISSUES

The budget includes adjustments for restricted fund sources and other technical adjustments, as well as elimination of one-time costs included in the FY 1999-2000 supplemental appropriation.

Gross	(1,426,900)
IDG	(410,100)
Federal	(565,000)
Restricted	(206,000)
GF/GP	(245,800)

DEPARTMENT OF STATE POLICE
P.A. 269 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	3,594.0	3,600.0	3,618.0	24.0	0.7
GROSS	383,507,003	398,599,100	404,926,100	21,419,097	5.6
Less:					
Interdepartmental Grants Received	23,256,703	21,719,500	23,306,500	49,797	0.2
ADJUSTED GROSS	360,250,300	376,879,600	381,619,600	21,369,300	5.9
Less:					
Federal Funds	35,292,500	33,949,300	34,329,300	(963,200)	(2.7)
Local and Private	3,479,800	3,495,300	3,495,300	15,500	0.4
TOTAL STATE SPENDING	321,478,000	339,435,000	343,795,000	22,317,000	6.9
Less:					
Other State Restricted Funds	42,539,100	43,071,600	43,231,600	692,500	1.6
GENERAL FUND/GENERAL PURPOSE	278,938,900	296,363,400	300,563,400	21,624,500	7.8
PAYMENTS TO LOCALS	19,581,100	19,884,100	20,120,300	539,200	2.8

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

The Supplemental includes:

- \$837,000 for special projects associated with bringing enhanced 9-1-1 emergency services to commercial mobile radio systems in the State
- \$3,130,000 to eliminate base funding shortages, including \$2,100,000 for fleet leasing
- \$3,100,000 for law enforcement information technology projects
- \$1,000,000 for firearms safety grants to local law enforcement agencies for gun locks
- \$197,000 for local disaster assistance
- \$1,500,000 for a “project exile” coordinating commission, which provides assistance to criminal prosecutions of State and Federal firearm laws violations
- \$150,000 to develop a gun safety curriculum for schools
- \$750,000 for central records division

B. TROOPER SCHOOLS

The FY 2000-01 budget includes \$5,604,600 for completion costs and full-year salaries (including step increases) of a 119th recruit school that is beginning in August 2000, and \$2,658,800 for the FY 2000-01 costs of an expansion recruit school slated to begin in July 2001, as well as a reduction in costs of \$3,760,500 to reflect savings due to trooper attrition.

FTE	20.0
Gross	4,502,900
GF/GP	4,502,900

C. TROOPER STEP INCREASES FOR 114TH THROUGH 118TH SCHOOL GRADUATES

The budget includes a contractually mandated step increase of \$257,100 for the 114th trooper graduating class through the 118th class.

Gross	257,100
GF/GP	257,100

D. FIRE FIGHTERS TRAINING COUNCIL

The budget includes an increase in support for training, testing, and certification of fire fighters in the State. The funds include a minimum annual fire training allocation to each county, which rises from \$3,000 to \$5,000.

Gross	500,000
GF/GP	500,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

E. COMPUTER CRIME UNIT

The budget includes an increase in resources for the investigation of computer-related crimes. Additions include 7.0 Detective Troopers for the Criminal Investigation Division (CID) and 4.0 Information Technology Specialists for the Forensic Division, and one secretary. The recommended computer crimes unit for FY 2000-01 will be as follows.

Southeast Michigan CID

3 Detective Troopers

2 Information Technology Specialists

Lansing CID

4 Detective Troopers

2 Information Technology Specialists

1 Secretary

FTE	12.0
Gross	1,088,400
GF/GP	1,088,400

F. CASINO GAMING OVERSIGHT

The budget includes a reduction in casino gaming oversight activities by the Department due to the reduced oversight role needed as the Detroit casinos are up and running and background checks on ownership have been completed. The budget for FY 2000-01 includes 42.0 FTEs and \$5,309,700 in casino gaming fees.

FTE	(16.0)
Gross	(2,217,500)
IDG-MTR	(2,217,500)
GF/GP	0

G. SEX OFFENDERS REGISTRY

The budget includes additional personnel and funding to provide enhanced monitoring and enforcement of the Department's Sex Offender Registry.

FTE	3.0
Gross	140,000
GF/GP	140,000

H. SECONDARY ROAD PATROL GRANTS

The budget includes a General Fund increase of 10% for the Secondary Road Patrol Grant Program. The funds will provide additional revenue to eligible county sheriff departments to assist in the patrol of secondary roads in the State. Eligible counties receive funds on a percentage basis that is linked to county road maintenance allotments found in the Michigan Transportation Fund Act, Public Act 51 of 1951.

Gross	570,200
GF/GP	570,200

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

I.	MICHIGAN COUNCIL ON LAW ENFORCEMENT STANDARDS (MCOLES)	FTE	5.5
	The budget includes additional funds and FTE authorization to increase resources for MCOLES, a council responsible for setting standards for the selection, employment, training, and verification of law enforcement officers in the State.	Gross	500,000
		GF/GP	500,000
J.	MOTOR CARRIER ENFORCEMENT	Gross	3,361,500
	The budget includes additional funding for the Motor Carrier Division in order to bolster enforcement by beginning the process of converting road enforcement duties from Motor Carrier Officers to State Troopers who will be trained in motor carrier enforcement.	GF/GP	0
		IDG-MDOT	3,361,500
K.	ENHANCED CONSTRUCTION ZONE ENFORCEMENT	Gross	160,000
	The budget includes additional funds to increase State Trooper patrols of road construction sites in the State.	GF/GP	160,000
L.	FIREARMS SAFETY	Gross	200,000
	The budget includes funding for the continued development of a K-12 school curriculum on firearms awareness and safety, to be created by the Michigan State University School Of Criminal Justice and the Department. The program, appropriated for \$350,000, will train 400 police officers to deliver the curriculum to school-age youth. The program is a continuation of the project first appropriated in P.A. 291 of 2000.	GF/GP	200,000
M.	SCHOOL VIOLENCE HOTLINE	Gross	50,000
	The budget includes funds for a Toll-Free Telephone Hotline in collaboration with the Department of Education for students, school officials, and others to report threats of violence.	GF/GP	50,000

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

N. ENHANCED 9-1-1 EMERGENCY SERVICES

The budget includes a portion of the monthly charge for each mobile radio (cellular phone) connection to be used for priority 9-1-1 projects. These projects will be used to help provide enhanced 9-1-1 emergency services to cellular phone users in the State. This expenditure is in accordance with Public Acts 78 and 79 of 1999, and totals \$837,000, the same amount appropriated under FY 1999-2000 supplemental appropriations.

Gross	0
Restricted	0
GF/GP	0

O. COMMUNICATIONS SYSTEM

The budget includes funds to support additional personnel needed to ensure that contract specifications are met on the continued construction of the Michigan Public Safety communication system. Phases One and Two of the project's four phases are now complete, leaving Phase Three (Northern Lower Peninsula) to be completed in September 2000 and Phase Four (Upper Peninsula) slated for completion in summer 2002.

Gross	2,000,000
GF/GP	2,000,000

P. MOTOR CARRIER ENFORCEMENT

The budget includes \$1,101,900 in Federal funds and \$140,700 in Motor Carrier Fees for enhanced safety inspection and enforcement activities designed to decrease fatal crashes involving commercial motor vehicles.

Gross	1,242,600
Restricted	140,700
Federal	1,101,900
GF/GP	0

Q. EMERGENCY MANAGEMENT

The budget includes additional GF/GP funds and a reduction in Federal funds for managing and coordinating response to emergencies and disasters due to a change in Federal/State cost-sharing requirements.

Gross	94,500
Federal	(435,900)
GF/GP	530,400

R. FEDERAL FUNDS ADJUSTMENT

The budget includes a reduction of \$475,000 in funds for the establishment of a sex offenders registry and \$189,100 for truck safety to reflect the completion of Federal grants.

Gross	(664,100)
Federal	(664,100)
GF/GP	0

S. UNCLASSIFIED SALARIES

The budget includes no increase to the Department's unclassified salaries budget for FY 2000-01.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

T. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	20,909,100
Restricted	404,500
Local/Private	15,500
IDG/IDT	966,800
Federal	591,900
GF/GP	18,930,400

FY 2000-01
Change from
FY 1999-2000
Year-to-Date

Item	Gross	GF/GP
Salaries, wages, and overtime	\$4,161,700	\$3,705,900
Emergency response compensation	758,000	675,000
Insurance	2,257,900	2,010,600
Civilian retirement (defined compensation)	246,300	219,000
Civilian retirement (defined benefit)	873,100	776,300
Enlisted pension	9,754,600	8,686,200
Enlisted terminal leave	0	0
Workers' compensation	416,000	416,000
Food	4,700	4,700
Medical supplies	11,600	11,600
Building occupancy	2,406,300	2,406,300
Rent	18,900	18,900
Total	\$20,909,100	\$18,930,500

U. OTHER ISSUES

The budget includes \$14,500 from the Department of Corrections for canine searches, \$200,000 in additional fee revenue from both Central Records and Hazardous Materials Training Center fees, additional Federal funds in anticipation of grant money for Highway Traffic Safety (\$200,000), \$250,000 for Traffic Safety, \$500,000 for Uniform Services, \$50,000 for a logging truck safety study, and adjustments for one-time appropriations from supplemental appropriations in P.A. 291 of 2000.

Gross	(11,275,603)
IDG	(2,061,003)
Restricted	147,300
Federal	66,500
GF/GP	(9,428,400)

STRATEGIC FUND AGENCY
P.A. 292 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	241.0	235.0	235.0	(6.0)	(2.5)
GROSS	218,917,100	169,082,800	169,082,800	(49,834,300)	(22.8)
Less:					
Interdepartmental Grants Received	100,000	100,000	100,000	0	0.0
ADJUSTED GROSS	218,817,100	168,982,800	168,982,800	(49,834,300)	(22.8)
Less:					
Federal Funds	53,203,200	52,673,200	52,673,200	(530,000)	(1.0)
Local and Private	656,700	656,700	656,700	0	0.0
TOTAL STATE SPENDING	164,957,200	115,652,900	115,652,900	(49,304,300)	(29.9)
Less:					
Other State Restricted Funds	50,050,000	50,050,000	50,050,000	0	0.0
GENERAL FUND/GENERAL PURPOSE .	114,907,200	65,602,900	65,602,900	(49,304,300)	(42.9)
PAYMENTS TO LOCALS	31,000,000	0.0	0.0	(31,000,000)	(100.0)

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

The supplemental includes \$50,000,000 for a new core communities fund to provide infrastructure to urban areas. Funding will be made available to those local communities that are eligible under brownfield redevelopment legislation, P.A. 146 of 2000, or are certified as a technology park as defined in the Local Development Financing Act, P.A. 281 of 1986. Funds will be awarded on a competitive basis for such things as land acquisition, demolition, site development, infrastructure, and telecommunications infrastructure improvements.

B. PROGRAM TRANSFERS

The FY 2000-01 budget includes the transfer of 6.0 FTEs to the Department of Career Development that were transferred over in E.O. 1999-1, which split the former Michigan Jobs Commission. Due to changes in the Economic Development Job Training Programs, these positions are no longer necessary within the Strategic Fund Agency.

FTE	(6.0)
Gross	(530,000)
Federal	(530,000)
GF/GP	0

C. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, and workers' compensation charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries and wages	\$387,900	\$387,900
Insurance	163,900	163,900
Retirement	79,700	79,700
Other	65,100	65,100
Total	\$695,700	\$695,700

Gross	695,700
GF/GP	695,700

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

D. TOBACCO SETTLEMENT

The budget includes the second year of the \$50,000,000 appropriation for the Health and Aging Research Development Initiative.

Gross	0
Restricted	0
GF/GP	0

E. OTHER ISSUES

The funding for the Core Communities Fund was not made available for FY 2000-01.

Gross	(50,000,000)
GF/GP	(50,000,000)

F. VETOES

Michigan Small Business Development Center Network.

The Legislature included \$250,000 GF/GP funding for this new line item to provide funding to support small businesses through the network headquarters at Wayne State University. The Governor vetoed this item.

DEPARTMENT OF TRANSPORTATION
P.A. 271 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	3,176.3	3,176.3	3,176.3	0.0	0.0
GROSS	2,871,749,700	2,984,764,600	2,978,304,600	106,554,900	3.7
Less:					
Interdepartmental Grants Received	10,459,500	10,459,500	10,459,500	0	0.0
ADJUSTED GROSS	2,861,290,200	2,974,305,100	2,967,845,100	106,554,900	3.7
Less:					
Federal Funds	871,625,000	918,449,000	915,449,000	43,824,000	5.0
Local and Private	5,700,000	5,700,000	5,700,000	0	0.0
TOTAL STATE SPENDING	1,983,965,200	2,050,156,100	2,046,696,100	62,730,900	3.2
Less:					
Other State Restricted Funds	1,983,965,200	2,050,156,100	2,046,696,100	62,730,900	3.2
GENERAL FUND/GENERAL PURPOSE	0	0	0	0	0.0
PAYMENTS TO LOCALS	1,110,717,700	1,157,693,500	1,157,828,500	47,110,800	4.2

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS
PUBLIC ACT 291 OF 2000

1. Bus Capital

An additional \$29,100,000 in Gross appropriations is included for the purchase of buses and for construction and improvement of transit facilities. These capital projects are funded with 80% Federal funds from the Federal Transit Act and require a State match. Additional Comprehensive Transportation Fund money is included for the requisite match of the Federal funds.

2. Freight Preservation and Development

An additional \$600,000 in Gross appropriations from the Comprehensive Transportation Fund is provided for rail economic development projects.

B. DISTRIBUTION OF STATE REVENUE TO ROAD AUTHORITIES

The FY 2000-01 budget includes the following increases in State funding to road authorities:

State Trunkline	\$3,035,000
County Road Commissions	\$31,170,200
Cities and Villages	\$17,601,700

Gross	51,806,900
Restricted	51,806,900
GF/GP	0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. FEDERAL AID INCREASES FOR ROAD AUTHORITIES

Gross	53,100,000
Federal	53,100,000
GF/GP	0

The budget includes the following increases in Federal funding to road authorities:

State Trunkline	\$37,124,000
Local Road Authorities	\$15,976,000

The Conference Committee earmarked 20% (\$6,163,000) of all Federal aid bridge funds to the Critical Bridge Program for local bridge projects (Section 402 of boilerplate). Under the State's current allotment schedule, 15% of all Federal aid bridge funds is provided to the Critical Bridge Program. The Governor vetoed Section 402. (See Vetoes below.)

The Conference Committee also earmarked \$3,000,000 of Federal funds to Macomb County through boilerplate Section 509. The Governor vetoed Section 509. (See Vetoes below.)

D. RAIL SERVICE: GRAND RAPIDS-CHICAGO AND PORT HURON-CHICAGO

The House included language that appropriated up to \$4,700,000 from the Comprehensive Transportation fund, other than the Local Bus Operating line item, to support seven-day-a-week Amtrak service between Grand Rapids and Chicago and between Port Huron and Chicago (Section 730). The Senate included language that appropriated up to \$5,226,000 from State General Fund/General Purpose for these rail services (Section 730).

The FY 2000-01 budget includes language (Section 730) requiring the Department to negotiate with a rail passenger carrier to provide service between Grand Rapids and Chicago and between Port Huron and Chicago on a seven-day basis from the appropriations from the Comprehensive Transportation Fund. The language conditions State support for these services on the Department's ability to increase ridership and revenue, reduce operating costs, and improve on-time performance. The language also requires Amtrak, if it is the chosen rail carrier, to conduct a cost allocation study to identify direct and indirect operating costs prior to receiving any State funding and limits any State subsidy to only direct operating costs in Michigan. Finally, the language requires the rail carrier to implement a system to monitor, collect, and resolve customer complaints.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

E. GRANTS TO OTHER STATE DEPARTMENTS

Transportation funds distributed to other State departments increase by a total of \$1,967,200 in FY 2000-01, from \$69,498,900 to \$71,466,100. The significant adjustments include increasing the State Trunkline Fund grant to the Department of State Police for motor carrier enforcement (\$3,361,500) and shifting the fund source for the grant to the Department of Attorney General from the Michigan Transportation Fund to the State Trunkline Fund. The grant to the Attorney General supports two legal divisions, Highway Negligence and Transportation. These two divisions were supported with grants from the State Trunkline Fund and Comprehensive Transportation Fund in the FY 1998-99 budget, before they were supported by a grant from the Michigan Transportation Fund in FY 1999-2000.

Gross	1,967,200
Restricted	1,967,200
GF/GP	0

F. UNCLASSIFIED SALARIES

The budget includes funding for a 7.4% increase to the line item that funds 6.0 unclassified salaries, from \$476,500 to \$511,600.

Gross	35,100
Restricted	35,100
GF/GP	0

G. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	10,482,900
Restricted	10,482,900
GF/GP	0

Item	Gross	GF/GP
Salaries	\$4,339,300	\$0
Insurance	1,996,700	0
Retirement (defined benefit)	3,080,000	0
Retirement (defined contribution)	713,500	0
Other	353,400	0
Total	\$10,482,900	\$0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

H. OTHER ISSUES

Other adjustments include \$480,000 for estimated debt service requirements, \$8,072,600 in administrative savings and one-time cost adjustments, a transfer of the unreserved Comprehensive Transportation Fund balance line item to local bus operating, \$2,794,000 for increased maintenance program allocations related to system expansion, signals and safety testing, \$1,787,500 for rest areas and roadside services, \$500,000 in interest revenue for the Critical Bridge Program, a \$1,000,000 Federal reduction based on a one-time project, a \$1,035,000 reduction/funding shift from Federal revenue in the program services line, and a net reduction totaling \$5,791,100 associated with other FY 2000-01 adjustments and FY 1999-2000 mid-year funding increases resulting from transfers and the supplemental appropriation.

Gross	(10,837,200)
Federal	(9,276,000)
Local	0
Restricted	(1,561,200)
GF/GP	0

I. VETOES

1. Local Bridge Funding Increase

The Governor vetoed a proposed \$6,163,000 increase in Federal funds for local bridge projects (Section 402). The increase would have earmarked 20% of Federal aid bridge funds for local bridges. Consistent with current Federal Highway Administration guidelines, 15% of Federal aid bridge funds is currently earmarked for local projects. A similar earmark (30% of Federal aid bridge funds) was proposed by the Conference Committee in the FY 1999-2000, but the Governor vetoed it. Citing his continued opposition to this earmarking of Federal funds, the Governor indicated in his FY 2000-01 veto letter that Federal bridge funds should be spent on the high-level State trunkline system, where they will have the greatest impact for Michigan motorists.

The Governor also vetoed a proposed earmark of \$3,000,000 of Federal bridge funds to match local funds for Macomb County bridge projects (Section 509). The Governor indicated that such an earmark would compromise the local Federal aid project selection process.

2. Removal of Dead Deer Carcasses

The Governor vetoed two language sections (Sections 508 and 613) earmarking \$400,000 and \$500,000 for the removal of dead deer carcasses from county and State roads, respectively. Under the proposed county language, the earmark would come “off-the-top” of the county allocation from the Michigan Transportation Fund. The Governor indicated that P.A. 51 does not provide for such a diversion of funding. With respect to the State earmark, the Governor indicated that the Department of Transportation currently provides for the removal of carcasses from State highways and therefore the earmark is unnecessary. The Governor did indicate in his veto message that he would direct the Department to develop a workable policy regarding the removal of large carcasses from roadways.

3. Local Road Projects

The Governor vetoed three specific local road projects estimated at \$2,600,000. These included \$1,000,000 for a one-mile extension of the soundwall along I-696 in Southfield, \$100,000 for the construction of an interchange on I-75 in Ogemaw County at M-30, and \$1,500,000 for the construction of a pedestrian overpass in the City of Jackson.

DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 276 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	94,117,500	91,570,500	91,570,500	(2,547,000)	(2.7)
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	94,117,500	91,570,500	91,570,500	(2,547,000)	(2.7)
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	700,000	700,000	700,000	0	0.0
TOTAL STATE SPENDING	93,417,500	90,870,500	90,870,500	(2,547,000)	(2.7)
Less:					
Other State Restricted Funds	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	93,417,500	90,870,500	90,870,500	(2,547,000)	(2.7)
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

A. DEBT SERVICE

Gross	(2,547,000)
GF/GP	(2,547,000)

The budget includes a net decrease to reflect the anticipated debt service requirements for FY 2000-01. The largest decrease is \$15,855,800 for the Quality of Life Bond. The budget also includes a new \$9,959,700 line item for anticipated debt service requirements for the Clean Michigan Initiative.

DEPARTMENT OF TREASURY - OPERATIONS
P.A. 276 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,933.0	1,989.5	1,989.5	56.5	2.9
GROSS	319,598,100	362,797,400	355,312,400	35,714,300	11.2
Less:					
Interdepartmental Grants Received	8,810,600	9,178,400	9,178,400	367,800	4.2
ADJUSTED GROSS	310,787,500	353,619,000	346,134,000	35,346,500	11.4
Less:					
Federal Funds	39,800,000	33,800,000	33,800,000	(6,000,000)	(15.1)
Local and Private	2,247,200	1,181,300	1,145,900	(1,101,300)	(49.0)
TOTAL STATE SPENDING	268,740,300	318,637,700	311,188,100	42,447,800	15.8
Less:					
Other State Restricted Funds	205,441,900	248,402,500	241,737,900	36,296,000	17.7
GENERAL FUND/GENERAL PURPOSE	63,298,400	70,235,200	69,450,200	6,151,800	9.7
PAYMENTS TO LOCALS	88,298,900	92,256,300	92,271,300	3,972,400	4.5

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 291 OF 2000

1. Commercial Mobile Radio System

Pursuant to Public Acts 78 through 81 of 1999, the Commercial Mobile Radio Service Emergency Telephone Fund was created within the Department of Treasury to fund a program to increase tracking capabilities of emergency calls placed on wireless or cellular phones. This supplemental appropriation of \$16,000,000 comes from a restricted fund collected from mobile radio connection service fees.

2. MEAP Test Development

Pursuant to Public Act 94 of 1999, the Department must release questions from the Michigan Educational Assessment Program (MEAP) tests to the general public. The supplemental includes a \$1,000,000 appropriation for development of new test questions and technology applications. This is funded from the Michigan Merit Award Trust Fund.

3. MEAP Administration

The supplemental includes a funding shift of \$12,000,000 for MEAP administration from the Michigan Merit Award Trust Fund to the Michigan Tobacco Settlement Trust Fund.

B. MULTISTATE SALES/USE TAX INITIATIVE

Gross	1,000,000
GF/GP	1,000,000

The FY 2000-01 budget includes funding for a multistate cooperative initiative to develop software that would better enable "remote sellers" to collect sales taxes. Examples of "remote sellers" are Internet sellers and out-of-state businesses. The system would be voluntary. Of the appropriation, \$200,000 appears in a separate line item and \$800,000 is added to the administration line.

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

C. CIGARETTE STAMP TAX PROGRAM

The budget includes funding and 5.0 FTEs for ongoing costs associated with the cigarette stamp program. According to the Department of Treasury, the program adds an estimated \$28,000,000 annually to the School Aid Fund.

FTE	5.0
Gross	1,100,000
GF/GP	1,100,000

D. COMMERCIAL MOBILE RADIO SERVICE PROGRAM

The budget includes funding for ongoing costs associated with this program. (See item A.1., above.)

Gross	0
GF/GP	0

E. CASINO GAMING OPERATIONS

The budget includes line item funding and 34.0 FTEs for full-year costs of oversight and control of the casino gaming operations. Of this amount, \$3,200,000 is allocated for additional administrative costs associated with the construction of permanent facilities.

FTE	34.0
Gross	5,623,500
Restricted	5,623,500
GF/GP	0

F. CONVENTION FACILITY DEVELOPMENT FUND

The budget increases this line item. The grants are distributed to local units of government for use only for the purpose of acquiring, constructing, improving, enlarging, renewing, replacing, or leasing a convention facility, or in conjunction with these activities, repairing, furnishing, and equipping the convention facility. Fees collected from the accommodations tax and the 4% liquor excise tax are deposited into the fund.

Gross	4,000,000
Restricted	4,000,000
GF/GP	0

G. UNCLAIMED PROPERTY

The budget creates a line item for Unclaimed Property administration pursuant to Public Act 29 of 1995, as amended. The FY 1999-2000 budget included a boilerplate appropriation authorizing the receipt and expenditure of revenue for the purposes of carrying out this Act. The new line includes 8.0 FTEs.

FTE	8.0
Gross	3,000,000
Restricted	3,000,000
GF/GP	0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

H. MI-CASHE PROGRAM DISCONTINUATION

Under this program, the Department charged individuals who requested information from the State about financial aid opportunities for higher education. Due to low utilization, this program has been discontinued.

Gross	(357,400)
Restricted	(357,400)
GF/GP	0

I. CITY INCOME TAX PROGRAM DISCONTINUATION

Under this program, the Department of Treasury administered the collection of income taxes for cities in Michigan. Due to low utilization of the program, it has been discontinued. According to the Department, only the City of Albion used the program. This line is also reduced by 2.0 FTEs.

FTE	(2.0)
Gross	(197,000)
Restricted	(197,000)
GF/GP	0

J. PROGRAM TRANSFERS

1. MEAP Test Program

Executive Order 1999-12 transferred administration of the MEAP test program from the Department of Education to the Department of Treasury. The transfer included 21.0 FTEs. The budget uses proceeds from the settlement reached with the tobacco industry to fund administration costs and test development.

FTE	21.0
Gross	3,628,400
Restricted	3,628,400
GF/GP	0

2. Tuition Incentive Program (TIP)

The budget includes a transfer of the Tuition Incentive Program (TIP) from the Family Independence Agency to the Department of Treasury. The transfer includes 5.0 FTEs. The budget uses proceeds from the settlement reached with the tobacco industry to fund administration costs.

FTE	5.0
Gross	363,400
Restricted	363,400
GF/GP	0

3. Deferred Compensation Program

The budget includes the transfer of administration for the Deferred Compensation program to the Department of Management and Budget. The transfer moves 17.5 FTEs.

FTE	(17.5)
Gross	(2,972,100)
Restricted	(2,774,800)
GF/GP	(197,300)

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

K. UNCLASSIFIED SALARIES

The budget increases the line item that funds 9.0 unclassified positions by 2.9%, from \$748,600 to \$770,400.

Gross	21,800
Restricted	6,700
GF/GP	15,100

L. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	6,475,600
IDG	117,800
Local	46,600
Restricted	3,874,300
GF/GP	2,426,900

Item	Gross	GF/GP
Salaries	\$2,376,200	\$793,400
Insurance	1,071,200	375,800
Retirement	2,097,900	732,600
Workers' compensation	92,800	92,800
Building occupancy	827,500	432,300
Total	\$6,465,600	\$2,426,900

M. TOBACCO SETTLEMENT

Michigan Education Savings Program

The budget includes funding to implement proposals made by Lt. Governor Posthumus's Commission on Financing Postsecondary Education. The appropriation funds administration of financial aid for the program. The budget uses the Tobacco Settlement Trust Fund to fund administration costs.

Gross	10,000,000
Restricted	10,000,000
GF/GP	0

**FY 2000-01
Change from
FY 1999-2000
Year-to-Date**

N. OTHER ISSUES

Other issues include negative adjustments due to uncollected revenue from local units of government due to fewer services' being performed, negative adjustments to two U.S. Department of Education grants due to a low program utilization rate, and adjustments for interdepartmental grants and other restricted fund sources.

Gross	4,028,100
IDG	250,000
Local	(1,157,900)
Federal	(6,000,000)
Restricted	9,128,900
GF/GP	1,807,100

DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 276 of 2000

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	FY 2000-01 ENACTED	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	1,470,522,000	1,559,111,900	1,600,600,000	130,078,000	8.8
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	1,470,522,000	1,559,111,900	1,600,600,000	130,078,000	8.8
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	1,470,522,000	1,559,111,900	1,600,600,000	130,078,000	8.8
Less:					
Other State Restricted Funds	1,462,822,000	1,559,111,900	1,600,600,000	137,778,000	9.4
GENERAL FUND/GENERAL PURPOSE	7,700,000	0	0	(7,700,000)	(100.0)
PAYMENTS TO LOCALS	1,470,522,000	1,559,111,900	1,600,600,000	130,078,000	8.8

A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

PUBLIC ACT 219 OF 2000

Public Act 291 of 2000 provides for an FY 1999-2000 supplemental appropriation of \$1,200,000 for special census payments to eligible cities, villages and townships. The Act also provides for an FY 1999-2000 supplemental appropriation of \$322,000 to “hold harmless” county revenue sharing payments during FY 2000-01 in those counties experiencing population declines between the 1990 and 2000 Censuses.

B. REVENUE SHARING PAYMENTS

Gross	130,078,000
Restricted	132,778,000
GF/GP	(7,700,000)

Public Act 276 of 2000 appropriates revenue sharing payments. The restricted revenue sharing payments are estimated and appropriated at \$1,600,600,000 in FY 2000-2001, which is an increase of \$137,778,000 or 9.4% over FY 1999-2000 estimated and appropriated payments. Since the total restricted appropriated amount will be a limit on total revenue sharing distributions, if actual sales tax revenue is greater than the consensus figure or produces a higher constitutional revenue sharing total than the appropriated amount, the amount above the constitutional portion that is distributed will be subtracted from the statutory payments.

The budget also contains an appropriation of \$15,000 to Marenisco Township to provide compensation to the township for an increase in prisoner populations not included in the official 2000 decennial Census. An expansion of the Ojibway correctional facility resulted in the increase in prisoners in Marenisco Township.

Public Act 276 of 2000 also includes the requirement that if a county treasurer does not comply with Section 151 of the State School Aid Act (MCL 388.1751), then the statutory portion of that county’s revenue sharing payments will not be made until the reporting requirements have been fulfilled. County treasurers are required to submit a statement of the taxable value data for each district and fraction of each district within the county, as well as revisions for prior years.

The estimated revenue sharing payments by distribution type are summarized in Table 1. The figures in Table 1 are based on the May 2000 consensus estimates of State revenues and appropriations for special census payments.

Table 1

ENACTED REVENUE SHARING PAYMENTS FOR FY 1999-2000 AND FY 2000-01 (dollars in millions)				
	FY 1999-2000 Estimate 1)0	FY 2000-01 Estimate 1)	Change from FY 1999-2000	
			Dollar	Percent
Sales Tax Constitutional:				
Counties	\$0.0	\$0.0	\$0.0	----
Cities, Villages, & Townships	627.4	661.4	34.0	5.4%
Subtotal Constitutional	\$627.4	\$661.4	\$34.0	5.4%
Sales Tax Statutory:				
Counties	\$214.3	\$235.4	\$21.1	9.8%
Cities, Villages, & Townships	620.5	703.8	83.3	13.4%
Subtotal Statutory	\$834.8	\$939.2	\$104.4	12.5%
Total Restricted Revenue Sharing 1)	\$1,462.2	\$1,600.6	\$138.4	9.5%
General Fund/General Purpose 2)	8.2	0.0	(8.2)	(100.0)%
TOTAL REVENUE SHARING	\$1,470.4	\$1,600.6	\$130.2	8.9%
<p>1) The revenue sharing appropriations are based on consensus sales tax estimates adopted at the May 2000 Consensus Revenue Estimating Conference. These appropriated levels represent the maximum amount that will be distributed for restricted revenue sharing. If actual sales tax collections are lower, then the revenue sharing distributions will be reduced. If actual sales tax collections are higher than estimated, then constitutional payments will be increased and statutory payments will be reduced by an equal amount.</p> <p>2) General Fund/General Purpose amounts are for special census payments.</p>				

APPENDICES

**FY 2000-01
APPROPRIATION BILL INDEX**

<u>BUDGET AREA</u>	<u>BILL NUMBER</u>	<u>PUBLIC ACT NUMBER</u>	<u>LINE-ITEM VETOES</u>
Agriculture	H.B. 5273	P.A. 270 of 2000	YES
Attorney General	H.B. 5278	P.A. 276 of 2000	NO
Capital Outlay	H.B. 4297	P.A. 265 of 1999	YES
Career Development	H.B. 5274	P.A. 292 of 2000	NO
Civil Rights	H.B. 5278	P.A. 276 of 2000	NO
Civil Service	H.B. 5278	P.A. 276 of 2000	NO
Community Colleges	S.B. 963	P.A. 272 of 2000	YES
Community Health	S.B. 964	P.A. 296 of 2000	YES
Consumer and Industry Services	H.B. 5275	P.A. 293 of 2000	YES
Corrections	S.B. 965	P.A. 237 of 2000	NO
Education	S.B. 966	P.A. 263 of 2000	YES
Environmental Quality	H.B. 5276	P.A. 275 of 2000	NO
Executive	H.B. 5278	P.A. 276 of 2000	NO
Family Independence Agency	H.B. 5277	P.A. 294 of 2000	YES
Higher Education	S.B. 967	PENDING	
Judiciary	H.B. 5279	P.A. 264 of 2000	NO
Legislative Auditor General	H.B. 5278	P.A. 276 of 2000	NO
Legislature	H.B. 5278	P.A. 276 of 2000	NO
Library of Michigan	H.B. 5278	P.A. 276 of 2000	NO
Management and Budget	H.B. 5278	P.A. 276 of 2000	NO
Military Affairs	H.B. 5280	P.A. 266 of 2000	NO
Natural Resources	H.B. 5281	P.A. 267 of 2000	NO
School Aid	S.B. 1044	P.A. 297 of 2000	YES
State	H.B. 5278	P.A. 276 of 2000	NO
State Police	H.B. 5282	P.A. 269 of 2000	NO
Strategic Fund Agency	H.B. 5274	P.A. 292 of 2000	YES
Transportation	H.B. 5284	P.A. 271 of 2000	YES
Treasury	H.B. 5278	P.A. 276 of 2000	NO

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

The level of economic activity has a strong and direct impact on the level of State government revenues, particularly for the major taxes. Therefore, the first step in estimating State government revenues is to forecast the level of economic activity. Based on the consensus economic forecast adopted at the May 2000 Consensus Revenue Estimating Conference, the pace of economic growth in both the U.S. and Michigan is expected to accelerate in 2000 and then slow to a more moderate rate in 2001. For the U.S, real Gross Domestic Product (GDP) will increase an estimated 4.9%, which is up from the 4.2% rate of growth experienced in 1999, and then slow to a 3.4% rate of growth in 2001. Much of the slower growth forecast for 2001 is due to several factors including expected higher interest rates, continued tightening in the labor market, growing consumer debt, and rising inflation, all of which will result in slower growth in consumer spending and business investment. As a result, light vehicle sales are expected to decline to 16.6 million units in 2001 from the anticipated record-breaking pace of 17.3 million units forecast for 2000. Inflation is expected to measure 2.8% in 2000 and 2.6% in 2001, both up from the 2.2% experienced in 1999. The U.S. unemployment rate will edge up slightly to an estimated 4.1% in 2001 from 4.0% in 2000.

The rate of economic growth in Michigan also is expected to accelerate in 2000 and then moderate in 2001. Wage and salary employment is forecast to increase 1.1% in 2000, and then slow to a rate of 0.9% in 2001. Despite this anticipated growth in employment, the unemployment rate is expected to increase to 3.3% in 2001 from 3.1% in 2000. Personal income, the broadest measure of economic activity available for Michigan, is expected to grow at a rate of 5.4% in 2001, which is down slightly from the 5.7% increase forecast for 2000.

B. GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES

General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenues available to spend are expected to total \$21.52 billion in FY 2000-01. This estimate includes baseline revenue, the impact of enacted tax changes and revenue adjustments, Federal aid, transfers from other funds, and carryover balances from the previous year. These revenue estimates, excluding the estimated carryover balances, were unanimously agreed to by the Engler Administration, Senate Fiscal Agency, and House Fiscal Agency at the May 2000 Consensus Revenue Estimating Conference.

Baseline GF/GP and SAF will increase 4.6% to \$20.85 billion in FY 2000-01. This rate of growth is down from the 6.6% growth in baseline revenue estimated for FY 1999-2000. Baseline revenues reflect what revenues will be without any changes in tax rates, bases, or exemptions from one year to the next, and without any one-time revenue adjustments or beginning balances. Therefore, baseline revenues help identify how changes in economic activity will affect revenues.

The enacted tax changes and tax adjustments, which are not included in baseline revenues, will reduce GF/GP and SAF revenue by an estimated \$758.5 million in FY 2000-01. This amount primarily consists of income tax and single business tax reductions. The income tax cuts include the lowering of the income tax rate to 4.2% from the baseline rate of 4.4%, and the increase in the additional child exemption to \$600 for all dependent children through age 18. The single business tax reductions include the ongoing scheduled reduction in the tax rate, which will be reduced to 2.0% on January 1, 2001, the increase in the investment tax credit for smaller businesses, and expanded brownfield development and Michigan Economic Growth Authority (MEGA) credits. These estimates of enacted tax cuts also include the estimated loss in sales and use tax revenue resulting from the recently enacted legislation that restructures the electric and telecommunications industries.

Table 1 presents the estimates of total GF/GP and SAF revenues for FY 2000-01, along with the estimates for FY 1999-2000. Presented are the estimates of baseline revenues, the revenue impacts from the various tax changes and other revenue adjustments, transfers from other funds, and the estimated beginning balances.

1. General Fund/General Purpose Revenue

Total GF/GP revenue available to spend in FY 2000-01 is estimated at \$9.73 billion. This represents an increase of 0.8% from the FY 1999-2000 level. These revenues include baseline revenue, and the impact of the numerous enacted tax cuts and other revenue adjustments. Baseline revenue is expected to increase 4.6%, which compares with the 4.8% increase in baseline revenue anticipated in FY 1999-2000. This modest slowing anticipated in baseline revenue is due to the estimated slowdown in overall economic growth forecast in 2001. The revenue collections from the income tax and single business tax, which are the two major sources of GF/GP revenue, are expected to increase 6.0 and 3.4%, respectively, on a baseline basis. The impact of the various enacted tax changes and other revenue adjustments will reduce GF/GP baseline revenue an estimated \$769 million in FY 2000-01. These adjustments include revenue reductions due to the ongoing reductions in the tax rates of the income tax, totaling \$375 million, and the single business tax, totaling \$230 million.

2. School Aid Fund Revenue

Total SAF revenue available to spend in FY 2000-01 will total an estimated \$11.79 billion, which represents an increase of 6.6% compared with the estimated total revenue available in FY 1999-2000. Much of this increase can be attributed to a large increase in the beginning carryover balance, which is expected to total \$870 million in FY 2000-01, compared with \$573 million in FY 1999-2000. Excluding the beginning balance, SAF revenue will increase 4.1% in FY 2000-01. The revenue generated by revenue sources earmarked to the SAF, which consist primarily of portions of the sales, use, income, and tobacco taxes, in addition to the State education property tax and lottery net profits, will increase an estimated 4.5% on a baseline basis. The tax changes and revenue adjustments actually will increase SAF revenue an estimated \$11 million in FY 2000-01 due to the fact that the new casino gaming wagering tax will generate an estimated \$78 million, which will more than offset the tax cuts that affect SAF earmarked tax revenue. In addition, the grant from the General Fund will decline from \$421 million in FY 1999-2000 to \$386 million in FY 2000-01 and it is anticipated that Federal aid will increase \$20 million, to \$145 million.

Table 1

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FY 1999-2000 AND FY 2000-01 (dollars in millions)			
	FY 1999-2000	FY 2000-01	Percent Change
GENERAL FUND/GENERAL PURPOSE			
Beginning Balance	\$ 0.0	\$ 0.0	----
<u>Baseline Consensus Revenue Estimate:</u>			
<u>Taxes:</u>			
Net Income	5,448.2	5,775.3	6.0
Single Business	2,350.0	2,430.0	3.4
Sales	118.1	126.7	7.3
Use	913.8	963.3	5.4
Cigarette	149.5	147.0	(1.7)
Insurance Company Premiums	203.0	210.0	3.4
Telephone & Telegraph	154.0	158.0	2.6
Estate/Inheritance	187.0	200.0	7.0
All Other Taxes	175.8	172.2	(2.0)
Subtotal Taxes	9,699.4	10,182.5	5.0
Nontax Revenue	336.0	316.0	(6.0)
Subtotal Baseline Consensus Revenue	\$10,035.4	\$10,498.5	4.6
<u>Tax Changes & Adjustments not included in Baseline:</u>			
Tax Changes	(428.9)	(796.3)	85.7
Revenue Adjustments	48.0	27.0	(43.8)
TOTAL GF/GP REVENUE	\$ 9,654.5	\$ 9,729.2	0.8

Table 1 (continued)

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FY 1999-2000 AND FY 2000-01 (dollars in millions)			
	FY 1999-2000	FY 2000-01	Percent Change
SCHOOL AID FUND			
Beginning Balance	572.8	867.1	51.4
<u>Baseline Consensus Revenue:</u>			
<u>Taxes:</u>			
Sales & Use Taxes	5,062.7	5,324.9	5.2
Income Tax	2,001.5	2,117.8	5.8
State Education Property Tax	1,375.0	1,444.0	5.0
Real Estate Transfer Tax	264.0	265.0	0.4
Tobacco Tax	387.9	381.5	(1.6)
Other Tax Revenue	204.0	206.1	1.0
Subtotal Taxes	9,295.1	9,739.3	4.8
Lottery	609.0	612.0	0.5
Subtotal Baseline Consensus Revenue	\$ 9,904.1	\$ 10,351.3	4.5
<u>Tax Changes & Adjustments not included in Baseline:</u>			
Casino Gaming Wagering Tax	50.0	78.0	56.0
Tax Cuts	(36.6)	(67.2)	83.6
General Fund Grant	420.6	385.6	(8.3)
Transfer from the Budget Stabilization Fund (BSF)	32.0	32.0	0.0
Federal Aid	125.0	145.0	16.0
TOTAL SAF REVENUE	\$ 11,067.9	\$ 11,791.8	6.5
TOTAL GF/GP & SAF BASELINE CONSENSUS REVENUE	\$ 19,939.5	\$ 20,849.8	4.6
TOTAL GF/GP & SAF REVENUE	\$ 20,722.4	\$ 21,521.0	3.9

ECONOMIC AND BUDGET STABILIZATION FUND (BSF)

The nature of Michigan's cyclical economy has caused budgeting problems in the State for many years. The pattern of budgeting in Michigan has been to increase spending on State programs and decrease taxes in the upturn of a business cycle and attempt to cut the same programs and increase taxes during economic downturns.

Because Michigan's economy is so cyclical and the State Constitution requires a balanced budget, the Legislature began work in 1976 on a proposal to combat dramatic fluctuations in State revenues. Public Act 76 of 1977 established the "Counter-Cyclical Budget and Economic Stabilization Fund" (BSF).

The Fund operates on two basic principles, budget stabilization and economic stabilization:

- The budget stabilization component of the BSF is designed to limit the severe fluctuations in revenue that the State experiences as economic conditions change. Through the Fund, the State sets aside revenue in years with good economic growth to be used in years when economic activity diminishes. This Fund, therefore, helps minimize the need for spending reductions and/or tax increases in order to meet the balanced budget requirement during economic slowdowns.

The budget stabilization payments into and out of the BSF are based on the annual growth in Michigan personal income less transfer payments adjusted for inflation. General Fund revenue is transferred into the Fund when the inflation-adjusted growth in Michigan personal income less transfers exceeds 2%. Transfers out of the BSF occur when the annual growth rate in real personal income less transfer payments is less than zero.

- The economic stabilization component of the Fund is designed to promote economic stability in periods of high unemployment. Any time that the Michigan unemployment rate exceeds 8% in a given quarter, the Legislature may appropriate money from the Fund in the following quarter for projects that are designed to create job opportunities.

The Fund first became effective in FY 1977-78. Table 2 provides a history of the Fund from FY 1980-81 through FY 1999-2000.

FISCAL YEAR 1998-99

Pursuant to P.A. 137 of 1999, \$244.4 million was paid into the BSF in FY 1998-99. This deposit consisted of a formula pay-in of \$55.2 million and the transfer of the \$189.2 million GF/GP ending balance. In addition, \$73.7 million was withdrawn from the BSF and deposited into the School Aid Fund (SAF) to pay the agreed upon settlement to the school districts that were not plaintiffs in the *Durant* case. These deposits and withdrawals, in addition to \$51.2 million in interest earnings, resulted in a balance in the BSF of \$1.22 billion at the end of FY 1998-99.

FISCAL YEAR 1999-2000

Pursuant to P.A. 124 of 1999, \$37.1 million was deposited into the BSF due to a formula pay-in. In addition, the GF/GP ending balance, estimated at \$84.7 million, will be transferred to the BSF according to P.A. 291 of 2000. Pay-outs from the BSF include \$32.0 million to the SAF for the ongoing payments to the nonplaintiff school districts in the *Durant* case and an estimated \$100.0 million to the State Trunkline Fund, pursuant to

P.A. 189 of 2000. This payment to the State Trunkline Fund will consist of a transfer totaling \$37.1 million and another transfer equal to the GF/GP ending balance pay-in to the BSF, but not to exceed \$62.9 million. Given that the GF/GP ending balance is expected to total \$84.7 million, it is estimated that the State Trunkline Fund will receive the maximum amount of \$62.9 million. These deposits and withdrawals, together with the estimated interest earnings, will result in a balance in the BSF of an estimated \$1.28 billion at the end of FY 1999-2000.

FISCAL YEAR 2000-01

Despite a consensus estimated formula pay-in of \$116 million, no payment into the BSF was appropriated as part of the FY 2000-01 enacted budget. Withdrawals from the Fund will total \$67.0 million, which includes \$32 million to the SAF to make the *Durant* case payments to school districts, and \$35.0 million to the State Trunkline Fund. This payment to the State Trunkline Fund will be pursuant to P.A. 189 of 2000 which specifies a \$35 million annual payment to the State Trunkline Fund each year from FY 2000-01 to FY 2015-16. Given these withdrawals from the BSF, together with estimated interest earnings of \$70.0 million, the balance in the BSF at the end of FY 2000-01 is estimated at \$1.29 billion.

Table 2

ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS AND FUND BALANCE FY 1977-78 TO FY 2000-01 (millions of dollars)				
Fiscal Year	Pay-In	Interest Earned	Pay-Out	Fund Balance
1977-78	\$108.7	\$ 6.2	\$ 0.0	\$114.9
1978-79	104.1	22.1	0.0	241.1
1979-80	0.0	32.1	263.7	9.5
1980-81	0.0	9.2	16.3	2.4
1981-82	0.0	0.6	0.0	3.0
1982-83	0.0	0.2	0.0	3.2
1983-84	0.0	0.2	0.0	3.4
1984-85	340.9	30.8	34.2	340.9
1985-86	30.6	28.2	14.7	385.1
1986-87	0.0	24.1	24.8	384.4
1987-88	0.0	29.2	20.4	393.1
1988-89	0.0	38.0	11.9	419.2
1989-90	0.0	35.8	69.9	385.1
1990-91	0.0	27.1	230.0	182.2
1991-92	0.0	8.1	170.1	20.1
1992-93	282.6	0.7	0.0	303.4
1993-94	460.2	11.9	0.0	775.5
1994-95	260.1	57.7	90.4	1,003.0
1995-96	91.3	59.2	0.0	1,153.6
1996-97	0.0	67.8	69.0	1,152.4
1997-98	0.0	60.1	212.0	1,000.5
1998-99	244.4	51.2	73.7	1,222.5
1999-2000	121.8	71.4	132.0	1,283.8
2000-01	0.0	70.0	67.0	1,286.8